

HOUSING AFFORDABILITY FOR AMERICA ACT OF 2002

SEPTEMBER 4, 2002.—Ordered to be printed

Mr. SENSENBRENNER, from the Committee on the Judiciary,
submitted the following

R E P O R T

[To accompany H.R. 3995]

[Including cost estimate of the Congressional Budget Office]

The Committee on the Judiciary, to whom was referred the bill (H.R. 3995) to amend and extend certain laws relating to housing and community opportunity, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

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PURPOSE AND SUMMARY

H.R. 3995 improves access to affordable housing for more Americans by amending specified housing-related Acts in the following areas: (1) home investment partnerships; (2) Federal Housing Administration mortgage insurance for single and multifamily housing, and health care facilities; (3) supportive housing for elderly and disabled families; (4) section 8 rental housing assistance; (5) public housing; (6) Hope VI revitalization assistance; (7) homeless

housing programs; (8) Native American housing; (9) housing impact analysis; (10) community development block grants; (11) housing counseling programs; (12) housing opportunities for persons with AIDS; and (13) Government National Mortgage Association guarantee fees.

BACKGROUND AND NEED FOR THE LEGISLATION

The legislation, introduced on March 19, 2002 by Representative Marge Roukema (R-NJ), was referred to the Financial Services Committee and to the Judiciary Committee. Title VIII of H.R. 3995 is the only title within the jurisdiction of the Judiciary Committee.

Housing is one of the Nation's most heavily regulated industries. Currently, Federal agencies are required to conduct certain economic analyses when promulgating new rules.¹ However, there is no such requirement that any analysis be conducted to determine a rule's impact on housing affordability. The rising cost of housing threatens the attainment of home ownership for an increasing number of Americans. A recent study found that nearly one out of every seven American households paid at least half their income for housing and/or lived in substandard conditions in 1999.² Title VIII is intended to heighten agency and public awareness of the significant costs to housing affordability caused by Federal regulations, and to lessen the adverse impact such regulations may have on achieving home ownership.

Title VIII requires agencies, when promulgating any proposed or final rule for notice and comment, to issue a housing impact analysis when that rule has a significant economic impact on housing affordability. "Significant," as it applies to impact, is defined as increasing consumers' cost of housing by more than \$100,000,000 per year.

As drafted, section 803 directs an agency, when publishing general notice of proposed rulemaking for any proposed rule, to prepare and make available for public comment an initial housing impact analysis. Section 804 provides that such analysis describe and, where feasible, estimate the extent to which the proposed rule would increase the cost or reduce the supply of housing or land for residential development.

Section 805 directs an agency to prepare a final housing impact analysis when promulgating a final rule. Under section 805, each final housing impact analysis must summarize and assess the issues, analyses and alternatives to the proposed rule raised during the comment period, and must state any changes made in the proposed rule as a result of such comments. Final housing impact analyses must also describe and estimate the extent of the rule's impact on housing affordability.

Agencies promulgating proposed or final rules which do not have a significant deleterious impact on housing affordability are exempt from the reporting requirements of sections 804 and 805, provided the agency publishes with the rule a certification and supporting

¹See, e.g., 5 U.S.C. § 604 (2002) (regulatory flexibility analysis of proposed rules considering their effect on small entities); 42 U.S.C. § 1302 (2002) (impact analysis of Medicare and Medicaid rules and regulations on small rural hospitals); and 42 U.S.C. § 7617 (2002) (economic impact statements of air pollution and control rules on small business, consumer costs and energy use).

²*Four Windows: A Metropolitan Perspective on Affordable Housing Policy in America, 2001*, NHC SENIOR EXECUTIVE ROUNDTABLE SERIES (Nat'l Housing Conf., Wash., D.C.), April, 2002, at 1, 4.

factual statement to that effect in the Federal Register. Section 809 also provides procedures for the delay in completion or waiver of initial housing impact analyses upon publication in the Federal Register of a certification and written finding by the head of the respective agency that the final rule is being promulgated in response to an emergency. Final housing impact analyses may be delayed, but not waived, under Section 809, for a period of not more than 180 days after the date of publication in the Federal Register of a final rule. In such instances, the head of the agency must publish in the Federal Register a certification and written finding that the final rule is being promulgated in response to an emergency.

The provisions of title VIII will lead to rules which make affordable housing less burdensome to acquire and accessible to more Americans. Recognizing the need for such legislation, the House in the 106th Congress passed overwhelmingly a bill containing language nearly identical to title VIII.³ Title VIII of H.R. 3995 is virtually identical to H.R. 2753, which was introduced by Representative Mark Green (R-WI) on August 2, 2001, and referred to the Judiciary Committee.

HEARINGS

The were no hearings held on H.R. 3995.

COMMITTEE CONSIDERATION

On July 16, 2002, the Subcommittee on Commercial and Administrative Law met in open session and ordered favorably reported H.R. 3995, without amendment, by voice vote, a quorum being present. On July 23, 2002, the Judiciary Committee met in open session and ordered favorably reported H.R. 3995 without amendment, by voice vote, a quorum being present.

VOTE OF THE COMMITTEE

There were no recorded votes on H.R. 3995.

COMMITTEE OVERSIGHT FINDINGS

In compliance with clause 3(c)(1) of rule XII of the Rules of the House of Representatives, the Committee reports that the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

PERFORMANCE GOALS AND OBJECTIVES

Title VIII of H.R. 3995, the portion of the legislation within the jurisdiction of the Judiciary Committee, does not authorize funding. Therefore, clause 3(c) of rule XIII of the Rules of the House is inapplicable.

³H.R. 1776, the "American Homeownership and Economic Opportunity Act of 2000," was approved by the House on April 6, 2000 by a vote of 417 to 8. The Senate referred the bill to the Committee on Banking, Housing, and Urban Affairs on April 7, 2000. After referral of H.R. 1776 to the Subcommittee on Housing and Transportation, no further action was taken by the Senate.

NEW BUDGET AUTHORITY AND TAX EXPENDITURES

Clause 3(c)(2) of House rule XIII is inapplicable because this legislation does not provide new budgetary authority or increased tax expenditures.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

In compliance with clause 3(c)(3) of rule XIII of the Rules of the House of Representatives, the Committee sets forth, with respect to bill, H.R. 3995, the following estimate and comparison prepared by the Director of the Congressional Budget Office under section 402 of the Congressional Budget Act of 1974:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 21, 2002.

Hon. F. JAMES SENSENBRENNER, Jr., *Chairman,*
Committee on the Judiciary,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3995, the Housing Affordability for America Act of 2002.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Chad Chirico, who can be reached at 226–2820.

Sincerely,

DAN L. CRIPPEN, *Director.*

Enclosure

cc: Honorable John Conyers, Jr.
Ranking Member

H.R. 3995—Housing Affordability for America Act of 2002.

SUMMARY

H.R. 3995 would amend and extend certain laws relating to housing opportunity and community development. The bill would seek to increase the availability of affordable housing and expand homeownership opportunities across the country. H.R. 3995 would authorize appropriations to fund both new initiatives and existing housing programs.

CBO estimates that implementing this legislation would cost about \$12.6 billion over the next 5 years, assuming appropriation of the necessary amounts. CBO estimates that enacting the bill also would increase direct spending by \$34 million over the 2003–2008 period. Therefore, pay-as-you-go procedures would apply. The increase in direct spending would stem from the bill's authority to use certain unobligated funds for new grants related to elderly housing.

H.R. 3995 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on State, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3995 is summarized in Table 1. The costs of this legislation would fall within budget functions 370 (mortgage and housing credit), 450 (community and regional development), and 600 (income security).

The 2002 level is the amount appropriated for that year for the Certificate Fund, HOME Investment Partnership Program, Housing for Special Populations, HOPE VI, Homeless Assistance Grants, Housing Opportunities for Persons with AIDS, Assistance for Self-Help Housing Providers, and includes offsetting collections generated by the Federal Housing Administration's single-family program and the Government National Mortgage Association's single-family Mortgage-Backed Security program. The 2003–2007 levels are the 2002 amounts adjusted for inflation except for programs with expiring authorizations.

TABLE 1. ESTIMATED BUDGETARY EFFECTS OF H.R. 3995

	By Fiscal Year, in Millions of Dollars					
	2002	2003	2004	2005	2006	2007
SPENDING SUBJECT TO APPROPRIATION						
Spending Under Current Law						
Estimated Authorization Level *	17,142	17,112	17,953	18,573	19,159	19,734
Estimated Outlays	19,611	19,752	20,083	20,248	20,375	20,465
Proposed Changes						
Estimated Authorization Level	0	4,507	4,812	3,590	3,834	4,053
Estimated Outlays	0	709	1,866	2,655	3,464	3,951
Proposed Spending Under H.R. 3995						
Estimated Authorization Level	17,142	21,619	22,765	22,163	22,993	23,788
Estimated Outlays	19,611	20,461	21,949	22,903	23,839	24,416
CHANGES IN DIRECT SPENDING						
Estimated Budget Authority	0	0	0	0	0	0
Estimated Outlays	0	*	8	12	7	6

NOTES: * – Less than \$500,000.

Numbers may not add up to totals because of rounding.

a. The 2002 level is the amount appropriated for that year for the Certificate Fund, HOME Investment Partnership Program, Housing for Special Populations, HOPE VI, Homeless Assistance Grants, Housing Opportunities for Persons with AIDS, Assistance for Self-Help Housing Providers, and includes offsetting collections generated by the Federal Housing Administration's single-family program and the Government National Mortgage Association's single-family Mortgage-Backed Security program. The 2003–2007 levels are the 2002 amounts adjusted for inflation except for programs with expiring authorizations.

BASIS OF ESTIMATE

For this estimate, CBO assumes that H.R. 3995 will be enacted near the beginning of fiscal year 2003 and that the amounts necessary to implement the bill will be appropriated for each fiscal year. The costs by provision are shown in Table 2, which is followed by a description of the estimated costs.

TABLE 2. ESTIMATED SPENDING SUBJECT TO APPROPRIATION FOR H.R. 3995

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
CHANGES IN SPENDING SUBJECT TO APPROPRIATION					
Title I					
Affordable Housing Production and Preservation					
Estimated Authorization Level	0	0	366	380	394
Estimated Outlays	0	0	7	55	174
Eligibility of Room Additions for Use for Grandparents and Grandchildren					
Estimated Authorization Level	1,002	1,224	1,436	1,618	1,775
Estimated Outlays	100	423	811	1,260	1,461
Title II					
Down-Payment Simplification					
Estimated Authorization Level	6	8	8	9	9
Estimated Outlays	6	8	8	9	9
Reduced Down-Payment Requirements					
Estimated Authorization Level	-3	-10	-14	-17	-20
Estimated Outlays	-3	-10	-14	-17	-20
Title III					
Service Coordinators for Supportive Housing for Persons with Disabilities					
Estimated Authorization Level	16	16	16	17	17
Estimated Outlays	1	10	16	16	17
Title IV					
Thrifty Production Vouchers					
Estimated Authorization Level	0	0	0	1	2
Estimated Outlays	0	0	0	*	1
Flexibility to Assist Hard-to-House Families					
Estimated Authorization Level	638	665	691	717	743
Estimated Outlays	160	566	587	609	631
PIIA Administrative Fees					
Estimated Authorization Level	11	12	13	13	14
Estimated Outlays	9	12	12	13	14
Extension of Project-Based Section 8 Contract Renewals					
Estimated Authorization Level	9	12	13	13	14
Estimated Outlays	5	11	12	13	14
Continued					

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
Title V					
Third-Party Public Housing Assessment System					
Estimated Authorization Level	1	0	0	0	0
Estimated Outlays	1	0	0	0	0
HOPE VI Reauthorization					
Estimated Authorization Level	585	597	0	0	0
Estimated Outlays	0	12	88	195	236
Title VI					
Interagency Council on the Homeless					
Estimated Authorization Level	1	1	0	0	0
Estimated Outlays	1	1	*	0	0
Federal Emergency Management Agency Food and Shelter Grant Program					
Estimated Authorization Level	140	143	0	0	0
Estimated Outlays	140	143	0	0	0
Emergency Shelter Grants					
Estimated Authorization Level	155	158	0	0	0
Estimated Outlays	5	23	46	55	59
Supportive Housing Program					
Estimated Authorization Level	785	801	0	0	0
Estimated Outlays	24	118	234	278	297
Section 8 Single-Room Occupancy					
Estimated Authorization Level	16	16	0	0	0
Estimated Outlays	*	2	5	5	6
Shelter Plus Care					
Estimated Authorization Level	180	184	0	0	0
Estimated Outlays	13	69	114	72	30
Title VII					
Native American Block Grant Reauthorization					
Estimated Authorization Level	661	675	689	702	716
Estimated Outlays	240	380	482	568	647

Continued

TABLE 2. Continued

	By Fiscal Year, in Millions of Dollars				
	2003	2004	2005	2006	2007
					Continued
Title IX					
GNMA Guarantee Fee					
Estimated Authorization Level	0	0	56	58	59
Estimated Outlays	0	0	56	58	59
Reauthorization of SHOP					
Estimated Authorization Level	22	23	23	24	24
Estimated Outlays	*	8	17	21	23
HOPWA Reauthorization					
Estimated Authorization Level	282	288	294	300	306
Estimated Outlays	8	90	174	254	293
Total					
Estimated Authorization Level	4,507	4,812	3,590	3,834	4,053
Estimated Outlays	709	1,866	2,655	3,464	3,951

NOTES: * = Less than \$500,000 per year.

Numbers may not add up to totals because of rounding.

PHA = Public Housing Authority; HOPE VI = Home Ownership and Opportunity for People Everywhere; GNMA = Government National Mortgage Association; SHOP = Self-Help Housing Providers; HOPWA = Housing Opportunities for Persons with AIDS.

SPENDING SUBJECT TO APPROPRIATION

Title I: Home Investment Partnerships Program. CBO estimates that implementing title I would cost \$4.3 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

Affordable Housing Production and Preservation. Section 101 would establish a housing production and preservation program for rental housing affordable to very low-income families. Funding for this program would be derived from any unobligated Certificate Fund balances appropriated for fiscal year 2004 or any subsequent fiscal year (the Certificate Fund provides funding for Section 8 rental assistance contracts). The bill would provide grants to participating State and local jurisdictions through the HOME Investment Partnership program. Families occupying units produced through this program would be required to pay not more than 40 percent of their adjusted monthly income toward rent.

Assuming the availability of future appropriations and the enactment of section 403 of this bill, CBO estimates that approximately \$1.1 billion would be available for recapture from the Certificate Fund between 2005 and 2007 (as a result of tenant-based voucher utilization rates below 100 percent). Data provided by the Department of Housing and Urban Development (HUD) indicate that units currently produced through the HOME program cost an average of \$90,000. Assuming that participating jurisdictions would provide the required 25 percent match of program funding, CBO estimates that implementing this provision would provide enough

funding over the 2005–2007 period to produce approximately 15,400 units of affordable housing, which would increase outlays by \$236 million over that period.

Eligibility of Room Additions for Use for Grandparents and Grandchildren. Section 106 would allow participating local jurisdictions to provide HOME Investment Partnership funds to low-income families to build an additional room or add a cottage to an existing dwelling for an elderly relative if it is necessary to avoid the relative's placement in an institutionalized setting. Based on data published by the Centers for Disease Control and Prevention and the Agency for Healthcare Research and Quality, CBO assumes that nearly a million elderly individuals from families eligible to receive assistance under this provision are admitted into nursing home facilities each year. About one in six of these individuals require help with fewer than three activities of daily living (ADLs), which would make them suitable candidates for home care.

Results from a 1991 survey conducted by the American Association of Retired Persons indicate that 44 percent of families would prefer to care for frail or disabled family members at home. Assuming appropriation of the necessary amounts, CBO estimates that this provision would allow about 72,000 of these elderly individuals to avoid placement in an institutionalized setting each year at a cost of approximately \$10,000 per grant. CBO notes that this reduction in nursing home placement could result in Medicaid savings if the beds not used by this population are not filled by previously unmet demand. (Any such change in Medicaid spending can not be attributed to H.R. 3995, however, because the grants that might lead to the savings are contingent upon appropriation action.)

In addition, based on data published by the National Alliance for Caregiving, CBO assumes that by 2007 roughly 10 percent of the 1.4 million low-income households that are involved in caregiving for frail elderly relatives requiring some help (individuals with one or two ADLs) also would receive funding through this provision. This estimate is highly uncertain because the legislative language would provide little guidance to HUD on how to limit eligibility. If HUD were to target funding to families with frail relatives most likely to be admitted to nursing homes, participation would be lower than the CBO estimate. However, given the lack of predictability of nursing home admissions, the regulations might become less restrictive than CBO assumes. In total, CBO estimates that section 106 would authorize the appropriation of about \$7 billion over the 2003–2007 period, with estimated outlays of about \$4 billion over that period.

Title II: FHA Mortgage Insurance. CBO estimates that implementing title II would cost \$3 million in 2003 but save \$24 million over the 2003–2007 period.

Simplification of Down Payment. Section 221 would permanently change the process the Federal Housing Administration (FHA) uses to determine the amount of a down payment that is necessary for mortgages on the single-family homes that it insures. Under current law, the down payment is calculated using a formula established in a 1996 pilot program. Under this formula, the maximum mortgage amount that FHA could insure would be determined as a fixed percentage of the home value. Authority to use this formula

is scheduled to terminate on December 31, 2002, but section 221 would make its use permanent.

Based on information from FHA, CBO estimates that continuing the use of the current down-payment formula would slightly increase the cost of guaranteeing FHA loans because it would lead to a small increase in the loan-to-value (LTV) ratios of about 15 percent of the loans guaranteed each year after 2002. The LTV ratio indicates how much equity a borrower initially has in the home, and serves as a good predictor of the likelihood of default. On average, borrowers with less equity (that is, higher LTV ratios) have higher default rates than borrowers with more equity. We estimate that this provision would increase the cost of guaranteeing some loans, resulting in a cost of \$6 million in 2003 and \$40 million over the 2003–2007 period. The estimated changes in FHA’s loan subsidy costs—which are treated as discretionary spending—would be recorded in each year as new loans are disbursed.

Reduced Down-Payment Requirements. Section 222 would reduce the down-payment requirements for federally insured mortgages for teachers and public safety officers. Enacting this provision could enable certain teachers and public safety officers to purchase homes within their work regions with an FHA guarantee, by permitting a down payment as low as 1 percent of the mortgage amount instead of the 3 percent minimum down payment that is currently required. In addition, for each year that the loan is held and the borrower continues to work in the designated school district or public safety jurisdiction, FHA would defer 20 percent of the up-front cost of obtaining the loan. Normally, FHA charges a fee of 1.5 percent of the loan amount as the up-front cost of obtaining an FHA loan guarantee.

The budgetary impact of this new loan program would depend on how many households would use this provision to help them become homeowners and how long these homeowners would remain in their homes. Based on information from associations, private investment firms, banks, FHA, and industry experts, CBO expects that about 10,000 loans (with a face value of about \$1 billion) would be guaranteed after the program is fully implemented in 2004. CBO expects that demand for this program would grow to almost 20,000 loans by 2007. CBO expects that this new program would be profitable (and thus generate negative subsidies), though not as profitable as the current single-family program where fees are not waived or reduced and default rates are slightly lower. We estimate that this new program would have a subsidy rate of about negative 0.75 percent, compared to a subsidy rate of negative 2.53 percent for FHA’s single-family program in 2003 and negative 2.4 percent in subsequent years. CBO estimates that implementing the program would result in additional offsetting collections of \$2 million in 2003 and \$41 million over the 2003–2007 period.

In addition, because the majority of FHA-insured loans are eventually included in the Government National Mortgage Association (GNMA) Mortgage-Backed Securities (MBS) program, CBO estimates that implementing this provision would result in additional collections to GNMA of \$1 million in 2003 and \$23 million over the 2003–2007 period.

Title III: Supportive Housing for Elderly and Disabled Families. CBO estimates that implementing title III would cost

\$60 million over the 2003–2007 period, assuming the appropriation of the necessary amounts.

Section 302 would add Section 811 Supportive Housing for the Disabled to the list of federally assisted housing programs that are eligible to receive grants to provide service coordinators. Service coordinators assist residents in obtaining needed supportive services from community agencies. In fiscal year 2002, 6.4 percent of the total allocation for the Section 202 elderly housing program was earmarked for service coordinators. Assuming a similar ratio, CBO estimates that section 302 of H.R. 3995 would authorize \$82 million for the 2003–2007 period, with outlays of \$60 million over that period.

Title IV: Section 8 Rental Housing Assistance Program. CBO estimates that implementing title IV would cost \$2.7 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

Thrifty Production Vouchers. Section 401 would establish a project-based voucher program to be used for the production or substantial rehabilitation of affordable housing. The provision would allow public housing agencies (PHAs) to use tenant-based vouchers for these purposes and would cap the payment standard for assisted units at 75 percent of the public housing agency's payment standard for a unit of the same size. The provision also would require HUD to increase the number of vouchers allocated to PHAs by the number of additional families that can be assisted by the agencies as a result of the cap on the payment standard for those units. Assuming that these vouchers would be used in conjunction with the housing production and preservation program in section 101, CBO estimates that 2,500 additional vouchers would be allocated to PHAs over the 2003–2007 period. These additional vouchers would result in increased administrative fees paid to public housing agencies, costing approximately \$2 million over the same period.

Flexibility to Assist Hard-to-House Families. Section 403 would allow public housing authorities to use up to 5 percent of amounts allocated to the agency each year for purposes that directly support the agency's housing choice voucher program (the program that provides tenant-based vouchers to low income-families). These funds could be used for housing counseling programs, down-payment assistance, rental security deposits, and other activities that assist eligible families in obtaining suitable dwelling units. Currently, many PHAs are not able to utilize their full allotments each year because some tenant-based vouchers cannot be placed. Assuming the availability of appropriations, CBO estimates that this authority would increase outlays by \$2.6 billion over the 2003–2007 period.

PHA Administrative Fees. Section 405 would authorize the Secretary of HUD to pay incentive fees to public housing agencies that succeed in achieving high or substantially improved performances on specified program requirements. Based on information provided by HUD, CBO assumes that one-third of all units are administered by public housing authorities that have been rated as "high performers" under the Section 8 Management Assessment Program and, therefore, would be likely recipients of the incentive fees. Assuming an administrative fee bonus of 3 percent, CBO estimates

that this provision would require the appropriation of \$63 million over the 2003–2007 period, with outlays of \$60 million over that period.

Extension of Project-Based Section 8 Contract Renewals. Section 408 would amend the Multifamily Assisted Housing Reform and Affordability Act of 1997 to allow rents for properties subsidized through the moderate rehabilitation program to be renewed at market rates. Under current law, rents are renewed at the lesser of adjusted existing rents, fair market rents, or market rents.

Based on data provided by HUD, State housing agencies, and public housing agencies, CBO estimates that almost half of the 52,000 moderate rehabilitation units subsidized by HUD currently have contract rents that are below market for comparable units. Average monthly rents for such units are estimated to be approximately \$50 below the market rate. CBO estimates that allowing contract rents on these units to be marked up to market upon contract expiration would require the appropriation of \$61 million over the 2003–2007 period, with outlays of \$54 million over that period.

Title V: Public Housing. CBO estimates that implementing title V would cost \$532 million over the 2003–2007 period, assuming appropriation of the necessary amounts.

Third-Party Public Housing Assessment System. Section 503 would give HUD the authority to develop a prototype of an alternative evaluation system for assessing the overall performance of housing authorities. The bill would require HUD to enter into a contract with an outside entity to develop the prototype assessment system. CBO estimates that this provision would cost approximately \$1 million in fiscal year 2003.

HOPE VI Authorization of Appropriations. Section 522 would authorize the appropriation of such sums as necessary for the HOPE VI program through 2004. In 2002, \$574 million was appropriated for this program. Assuming inflation-adjusted appropriations, CBO estimates that the bill would authorize \$1.2 billion for the 2003–2004 period, with outlays totaling \$531 million through 2007.

Title VI: Homeless Housing Programs. CBO estimates that implementing title VI would cost about \$1.7 billion over the 2003–2007 period, assuming inflation-adjusted appropriations.

Title VI would extend the authorizations for the following programs through 2004 for such sums as may be necessary:

- Interagency Council on the Homeless (estimated outlays of \$2 million over the 2003–2007 period);
- Federal Emergency Management Agency food and shelter program (estimated outlays of \$283 million over the 2003–2007 period);
- Emergency shelter grants program (estimated outlays of \$188 million over the 2003–2007 period);
- Supportive housing program (estimated outlays of \$950 million over the 2003–2007 period);
- Section 8 assistance for single room occupancy dwellings (estimated outlays of \$19 million over the 2003–2007 period); and
- Shelter plus care (estimated outlays of \$299 million over the 2003–2007 period).

Title VII: Reauthorization of Native American Housing and Self-Determination Act of 1996. Section 701 would authorize the appropriation of such sums as necessary through 2007 for Native American Housing Block Grants, title VI loan guarantees, and training and technical assistance. For 2002, \$649 million was appropriated for these purposes. Assuming continued funding at that level and adjusting for inflation, CBO estimates that implementing this provision would cost \$2.3 billion over the 2003–2007 period.

Title IX: Other Housing Programs. CBO estimates that implementing title IX would cost \$1.1 billion over the 2003–2007 period, assuming appropriation of the necessary amounts.

GNMA Guarantee Fee. GNMA is responsible for guaranteeing securities backed by pools of mortgages insured by the Federal Government. (These securities are known as mortgage-backed securities or MBS). For a fee charged to lenders or issuers of the securities, GNMA guarantees the timely payments of scheduled principal and interest due on the pooled mortgages that back their securities. Under current law, GNMA charges lenders or issuers an annual fee of 6 cents for every \$100 (6 basis points) of guaranteed mortgage-backed securities backed by single-family loans. Furthermore, a fee increase to 9 basis points is scheduled to take effect on October 1, 2004. Section 901 would repeal that fee increase. CBO estimates that eliminating the fee increase would increase the subsidy rate associated with the single-family MBS program and increase the demand for the program.

Based on information from GNMA, CBO estimates that the collection of lower fees would reduce the subsidy for the single-family MBS program from negative 0.56 percent to negative 0.37 percent. (As with the FHA single-family program, GNMA guarantee fees for the mortgage-backed securities more than offset the costs of expected defaults, resulting in net collections from the MBS program.) CBO expects that by extending the lower fee of 6 basis points, however, GNMA would remain more competitive with other MBS programs and continue to guarantee more than \$100 billion worth of mortgage-backed securities, as it does under the current fee structure. Thus, while repealing the fee increase would result in a less profitable program, this loss would be partially offset by additional receipts stemming from an expected increase in demand for GNMA services of about 25 percent. On balance, CBO estimates that implementing this provision would cost \$56 million in 2005 and \$173 million over the 2005–2007 period.

Assistance for Self-Help Housing Providers. Section 903 would authorize the appropriation of such sums as necessary for the Assistance for Self-Help Housing Providers program through 2007. For 2002, \$22 million was appropriated for this program. Assuming continued funding at that level and adjusting for anticipated inflation, CBO estimates that implementing this provision would cost \$69 million over the 2003–2007 period.

Housing Opportunities for Persons with AIDS. Section 904 would authorize the appropriation of such sums as necessary through 2007 for the Housing Opportunities for Persons with Aids program. For 2002, \$277 million was appropriated for this program. Assuming inflation-adjusted appropriations, CBO estimates that the bill

would authorize \$1.5 billion for the 2003–2007 period, with outlays of \$820 million over that period.

Direct Spending

Section 301 would authorize the use of any amounts that remain unobligated as of September 30, 2002, for grants under section 202b of the Housing Act of 1959 to carry out a program to demonstrate the effectiveness of providing funds to be used for the repair, rehabilitation and modernization needs of section 236 elderly housing. Based on information provided by HUD, CBO estimates that the use of unobligated funds will increase outlays by \$34 million over the 2003–2008 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The changes in outlays that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects through 2006 are counted.

	By Fiscal Year, in Millions of Dollars											
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
Changes in outlays	0	0	8	12	7	6	1	0	0	0	0	
Changes in receipts	Not applicable											

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

HR. 3995 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on State, local, or tribal governments. Any significant costs to State, local, or tribal governments would result from complying with conditions of Federal aid.

ESTIMATE PREPARED BY:

Federal Costs:

Housing Assistance Programs: Chad Chirico (226–2820)

FHA and GNMA Subsidies: Susanne S. Mehlman (226–2860)

Self-Help Housing Providers: Lanette Walker (226–2860)

Impact on State, Local, and Tribal Governments: Greg Waring (225–3220)

Impact on the Private Sector: Cecil McPherson (226–2949)

ESTIMATE APPROVED BY:

Peter H. Fontaine

Deputy Assistant Director for Budget Analysis

CONSTITUTIONAL AUTHORITY STATEMENT

Pursuant to clause 3(d)(1) of rule XII of the Rules of the House of Representatives, the Committee finds the authority for this legislation in article I, section 8, clause 3 of the Constitution.

SECTION-BY-SECTION ANALYSIS AND DISCUSSION

Section 801. Applicability. Except for certain agencies delineated by section 802, the requirements of this title shall apply to any proposed rule unless the agency promulgating the rule certifies that the proposed rule will not, if given force or effect as a final rule, have a significant deleterious impact on housing affordability. This certification must be published in the Federal Register at the time of publication of the general notice of proposed rulemaking for the rule. Section 801 also applies to any final rule, unless the agency promulgating the rule has certified that the rule will not have a significant deleterious impact on housing affordability. This certification must be published in the Federal Register at the time of publication of the final rule.

Section 802. Exception for Certain Banking Rules. This title does not apply to any proposed or final rule relating to the safety and soundness of a federally insured depository institution; credit union, Federal home loan bank; government sponsored enterprise; a Farm Credit institution or foreign bank or their branches; agencies or their representative offices operating in the United States.

Section 803. Statement of Proposed Rulemaking. Unless the agency has made a certification, the agency shall publish a general notice of proposed rulemaking for any proposed rule. The notice must state the text of the proposed rule and request any interested persons to submit to the agency any written analyses, views and any specific alternatives to the proposed rule. The agency must also provide an opportunity for interested persons to comment prior to promulgation of the final rule. In addition, the agency is required to prepare and make available an initial housing impact analysis in accordance with section 804.

Section 804. Initial Housing Impact Analysis. For each proposed rule, the initial housing impact analysis shall consist of a description of the reasons an agency is taking that particular action, the objectives and legal basis for such rule, and a description of and, where feasible, of the estimate of the extent to which the proposed rule would increase the cost or reduce the supply of housing or land for residential development. The initial analysis must also include a description of the relevant Federal rules, which may be duplicative or conflict with the proposed rule.

Section 805. Final Housing Impact Analysis. Whenever an agency promulgates a final rule after publication of a general notice of proposed rulemaking, the agency shall prepare a final housing impact analysis. Each final housing impact analysis shall contain a statement of the need for and objectives of the rule; a summary of the significant issues, analyses and alternatives to the proposed rule raised during the public comment period in response to the proposed rule and initial housing impact analysis; a summary of the agency assessment of the issues, analyses and alternatives, and a statement of any changes made in the proposed rule as a result of such comments; and a description of and an estimate of the extent to which the rule will impact housing affordability or an explanation of why no such estimate is available. The agency is required to make copies of the final housing impact analysis available to members of the public and shall publish in the Federal Register such analysis.

Section 806. Avoidance of Duplicative or Unnecessary Analyses. An agency may perform the analyses required by sections 804 and 805 in conjunction with any other agenda or analyses required by any other law, executive order, or directive. In order to avoid unnecessary duplication, an agency may consider a series of closely related rules as one rule for purposes of sections 804 and 805 requirements.

Section 807. Preparation of Analyses. In complying with sections 804 and 805, an agency may use either a quantifiable or numerical description of the effects of a proposed rule or alternatives to the proposed rule, or more general descriptive statement if quantification is not practicable or reliable.

Section 808. Effect on Other Law. The requirements of sections 804 and 805 do not alter in any way otherwise applicable by law to agency action.

Section 809. Procedure for Waiver or Delay of Completion. Section 804 compliance may be waived or delayed by publication in the Federal Register of a written finding that the final rule cannot be delayed and is being promulgated in response to an emergency. Section 805 compliance may be delayed, but not waived, for no more than 180 days after publication in the Federal Register of the final rule. Section 805 compliance may be delayed by publication in the Federal Register of a written finding that the final rule cannot be delayed and is being promulgated in response to an emergency. If the agency has not prepared a final housing impact analysis within 180 days from the date of publication of the final rule, such rule shall lapse and have no force or effect.

Section 810. Definitions. (1) the term “agency” does not include Congress; the courts of the United States; the governments of the territories or possessions of the United States; the government of the District of Columbia; agencies composed of representatives of the parties or of representatives of organizations of the parties to the disputes determined by them; courts-martial and military commissions; or military authority exercised in the field in time of war.

(2) the term “families” has the meaning given such term as in section 3 of the United States Housing Act of 1937.

(3) the term “housing affordability” means the quantity of housing that is affordable to families having incomes that do not exceed 150 percent of the median income of families in the area in which the housing is located, adjusting for the size of the family.

(4) the term “rule” means any rule for which the agency published a general notice of proposed rulemaking pursuant to section 553(b) of title 5, United States Code, or any other law for which an agency to state and local governments provides an opportunity for notice and public comment, with certain exceptions.

(5) the term “significant” impact is defined as increasing consumer’s costs of housing by more than \$100,000,000 a year.

Section 811. Development. No later than 1 year after enactment, the Secretary of Housing and Urban Development shall develop model initial and final housing impact analyses under this title which shall be published in the Federal Register. The model analyses shall define the primary elements of a housing impact analyses to instruct other agencies on how to carry out and develop the analyses required under sections 804 and 805.

Section 812. Judicial Review. Any determination by an agency concerning the applicability of any provisions of this title shall not be subject to judicial review. Housing impact analyses prepared in accordance with this title are not subject to judicial review. Title VIII does not bar judicial review of any other impact statement required by any other law.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

The bill was referred to this Committee for consideration of such provisions of the bill as fall within the jurisdiction of this Committee pursuant to clause 1(k) of rule X of the Rules of the House of Representatives. Such provisions under the consideration of this Committee, as reported by the Committee, does not make any changes in existing law.

MARKUP TRANSCRIPT

BUSINESS MEETING

TUESDAY, JULY 23, 2002

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE JUDICIARY,
Washington, DC.

The Committee met, pursuant to notice, at 10:00 a.m., in Room 2141, Rayburn House Office Building, Hon. F. James Sensenbrenner, Jr. [Chairman of the Committee] presiding.

* * * * *

The next item on the agenda is the adoption of H.R. 3995, the "Housing Affordability for America Act of 2002."

The Chair recognizes the gentleman from Georgia, Mr. Barr, Chairman of the Subcommittee on Commercial and Administrative Law.

Mr. BARR. Mr. Chairman, the Subcommittee on Commercial and Administrative Law reports favorably on H.R. 3995. On March 19 of this year, Congresswoman Marge Roukema introduced H.R. 3995.

Chairman SENSENBRENNER. Without objection, H.R. 3995 will be considered as read and open for amendment at any point.

[The bill, H.R. 3995, follows:]

107TH CONGRESS
2D SESSION

H. R. 3995

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 19, 2002

Mrs. ROUKEMA (for herself, Mr. GREEN of Wisconsin, Mr. OXLEY, Mr. ANDREWS, Mr. LUCAS of Kentucky, Mr. BEREUTER, Mr. BACHUS, Mr. KING, Mr. NEY, Mr. BARR of Georgia, Mrs. KELLY, Mr. RILEY, Mr. GARY G. MILLER of California, Mr. CANTOR, Mr. GRUCCI, Mr. ROGERS of Michigan, Mr. TIBERI, Mr. LEACH, Mr. SHAYS, Mr. LATOURETTE, Mr. JONES of North Carolina, Ms. HART, Mr. FERGUSON, and Mr. PICKERING) introduced the following bill; which was referred to the Committee on Financial Services, and in addition to the Committee on the Judiciary, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend and extend certain laws relating to housing and community opportunity, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE AND TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Housing Affordability for America Act of 2002”.

1 (b) TABLE OF CONTENTS.—The table of contents for
 2 this Act is as follows:

Sec. 1. Short title and table of contents.

TITLE I—HOME INVESTMENT PARTNERSHIPS PROGRAM

- Sec. 101. Affordable housing production and preservation.
- Sec. 102. Removal of fair market rents from rent level determinations.
- Sec. 103. Median income for rent determinations.
- Sec. 104. 3-year inspection cycle for tax credit projects.
- Sec. 105. Repeal of limitations on program assistance as percentage of operating budget.
- Sec. 106. Eligibility of room additions for use for grandparents and grandchildren.
- Sec. 107. Program year for matching contributions.
- Sec. 108. Membership of boards of eligible community housing development organizations.
- Sec. 109. Monitoring of compliance.
- Sec. 110. Funding eligibility for secular activities carried out by religious organizations.

TITLE II—FHA MORTGAGE INSURANCE

Subtitle A—Multifamily Housing and Health Care Facilities

- Sec. 201. Indexing of multifamily mortgage limits.
- Sec. 202. High-cost areas.
- Sec. 203. Insurance for integrated service facilities mortgages.
- Sec. 204. Insurance for mortgages for integrated service facilities owned in connection with hospitals.
- Sec. 205. Insurance for mortgages for refinancing debt of existing integrated service facilities.
- Sec. 206. Standards and need for health care facility mortgage insurance.

Subtitle B—Single Family Housing

- Sec. 221. Downpayment simplification.
- Sec. 222. Reduced downpayment requirements for loans for teachers and public safety officers.
- Sec. 223. Community partners next door program.
- Sec. 224. Public safety officer home ownership in high-crime areas.
- Sec. 225. Servicing of HUD-owned mortgages.
- Sec. 226. Risk-based capital levels for Mutual Mortgage Insurance Fund.
- Sec. 227. Hybrid adjustable rate mortgages.
- Sec. 228. Uniform national loan limit for home equity conversion mortgages.
- Sec. 229. Prohibition of investor and nonprofit owners under rehabilitation loan program.
- Sec. 230. Rehabilitation loan advances.
- Sec. 231. Nonprofit purchasers under property disposition.
- Sec. 232. Extension of holding period.
- Sec. 233. Fraud in loan and credit applications.

TITLE III—SUPPORTIVE HOUSING FOR ELDERLY AND DISABLED FAMILIES

- Sec. 301. Modernization demonstration for section 236 elderly projects.
- Sec. 302. Service coordinators for supportive housing for persons with disabilities.
- Sec. 303. Eligibility of religious organizations as project owners.

TITLE IV—SECTION 8 RENTAL HOUSING ASSISTANCE PROGRAM

- Sec. 401. Thrifty production vouchers.
- Sec. 402. Monthly rental amount.
- Sec. 403. Flexibility to assist hard-to-house families.
- Sec. 404. Prohibition on re-screening of tenants.
- Sec. 405. PHA administrative fees.
- Sec. 406. Ensuring ability to use enhanced vouchers.
- Sec. 407. Extension of manufactured housing demonstration program.
- Sec. 408. Extension of project-based section 8 contract renewals.

TITLE V—PUBLIC HOUSING

Subtitle A—General Provisions

- Sec. 501. Waiver of resident commissioner requirement.
- Sec. 502. PHA joint ventures.
- Sec. 503. Third-party public housing assessment system.
- Sec. 504. Public housing agency plans for small public housing agencies.
- Sec. 505. Development-based subsidies.

Subtitle B—HOPE VI Revitalization Program

- Sec. 521. Selection criteria.
- Sec. 522. Authorization of appropriations.
- Sec. 523. Extension of program.

TITLE VI—HOMELESS HOUSING PROGRAMS

- Sec. 601. Interagency Council on the Homeless.
- Sec. 602. Federal Emergency Management Agency food and shelter program.
- Sec. 603. Emergency shelter grants program.
- Sec. 604. Supportive housing program.
- Sec. 605. Section 8 assistance for single room occupancy dwellings.
- Sec. 606. Shelter plus care.
- Sec. 607. Amendments to table of contents.

TITLE VII—NATIVE AMERICAN HOUSING

- Sec. 701. Reauthorization of Native American Housing and Self-Determination Act of 1996.

TITLE VIII—HOUSING IMPACT ANALYSIS

- Sec. 801. Applicability.
- Sec. 802. Exception for certain banking rules.
- Sec. 803. Statement of proposed rulemaking.
- Sec. 804. Initial housing impact analysis.
- Sec. 805. Final housing impact analysis.
- Sec. 806. Avoidance of duplicative or unnecessary analyses.
- Sec. 807. Preparation of analyses.
- Sec. 808. Effect on other law.
- Sec. 809. Procedure for waiver or delay of completion.

Sec. 810. Definitions.
 Sec. 811. Development.
 Sec. 812. Judicial review.

TITLE IX—OTHER HOUSING PROGRAMS

Sec. 901. GNMA guarantee fee.
 Sec. 902. Housing counseling programs.
 Sec. 903. Assistance for self-help housing providers.
 Sec. 904. Housing opportunities for persons with AIDS.
 Sec. 905. CDBG funding eligibility for secular activities carried out by religious organizations.
 Sec. 906. Use of CDBG amounts for construction of tornado-safe shelter for manufactured housing parks.
 Sec. 907. Use of CDBG amounts to administer renewal communities.
 Sec. 908. Subsidy layering review.

1 **TITLE I—HOME INVESTMENT** 2 **PARTNERSHIPS PROGRAM** 3 **SEC. 101. AFFORDABLE HOUSING PRODUCTION AND PRES-** 4 **ERVATION.**

5 (a) PURPOSE.—The purpose of this section is to dra-
 6 matically increase the production and preservation of
 7 mixed income rental housing affordable to extremely low-
 8 income and very low-income families.

9 (b) DEFINITION.—Section 104 of the Cranston-Gon-
 10 zalez National Affordable Housing Act (42 U.S.C. 12704)
 11 is amended—

12 (1) by redesignating paragraph (25) as para-
 13 graph (26);

14 (2) by redesignating paragraph (24) (as added
 15 by Public Law 102–229; 105 Stat. 1709; relating to
 16 insular areas) as paragraph (25);

1 (3) by redesignating paragraphs (9) through
2 (21) as paragraphs (10) through (22), respectively;
3 and

4 (4) by inserting after paragraph (8) the fol-
5 lowing new paragraph:

6 “(9) The term “extremely low-income families”
7 means very low-income families whose incomes do
8 not exceed 30 percent of the median income for the
9 area, as determined by the Secretary with adjust-
10 ments for smaller and larger families, except that
11 the Secretary may establish income ceilings higher
12 or lower than 30 percent of the median for the area
13 on the basis of the Secretary’s findings that such
14 variations are necessary because of prevailing levels
15 of construction costs or fair market rents, or unusu-
16 ally high or low family incomes.”.

17 (c) ELIGIBLE USES.—Section 212(a) of the Cran-
18 ston-Gonzalez National Affordable Housing Act (42
19 U.S.C. 12742(a)) is amended—

20 (1) in paragraph (2), by adding at the end the
21 following new sentence: “This paragraph shall not
22 apply to any funds made available only for use
23 under paragraph (4).”; and

24 (2) by inserting after paragraph (3) the fol-
25 lowing new paragraph:

1 “(4) PRODUCTION AND PRESERVATION.—

2 “(A) IN GENERAL.—Funds made available
3 for use under this paragraph shall be used by
4 the participating jurisdiction only for the pro-
5 duction of new, or the preservation of existing,
6 rental housing for extremely low- and very low-
7 income families that qualifies as affordable
8 housing in accordance with section 215(c).

9 “(B) FORM OF ASSISTANCE.—Assistance
10 provided by a participating jurisdiction pursu-
11 ant to this paragraph may be provided in the
12 form of grants or loans (including grants and
13 loans made through State and local housing
14 trust funds) and may only be used for acquisi-
15 tion, new construction, reconstruction, or mod-
16 erate or substantial rehabilitation of affordable
17 housing described in subparagraph (A).

18 “(C) INCOME TARGETING AND RENT.—

19 “(i) VERY LOW-INCOME FAMILIES.—
20 All of the funds made available for use
21 under this paragraph to a participating ju-
22 risdiction shall be used for providing dwell-
23 ing units that may be occupied only by
24 very low-income families.

1 “(ii) EXTREMELY LOW-INCOME FAMI-
2 LIES.—Not less than 50 percent of any
3 funds made available for use under this
4 paragraph to a participating jurisdiction
5 shall be used for providing dwelling units
6 that may be occupied only by extremely
7 low-income families.

8 “(D) RENT.—Except as provided in sub-
9 paragraph (G), each family occupying a dwell-
10 ing unit provided using amounts made available
11 for use under this paragraph shall pay as a
12 contribution toward rent (excluding any Federal
13 or State rental subsidy provided on behalf of
14 the family) not more than 40 percent of the
15 family’s gross monthly income.

16 “(E) REUSE.—Any funds made available
17 to a participating jurisdiction only for use
18 under this paragraph shall be placed under
19 binding commitment for use for production or
20 preservation of affordable rental housing in ac-
21 cordance with this paragraph within 18 months
22 after the last day of the month in which such
23 funds are deposited in the jurisdiction’s HOME
24 Investment Trust Fund, except that the Sec-
25 retary may extend such period by not more

1 than 6 months pursuant to a request by the
2 participating jurisdiction. Expiration of such
3 period (including any such extension, if applica-
4 ble) shall be considered, for purposes of section
5 218(g), to be expiration of the 24-month period
6 referred to in such section, except that any
7 funds made available for use under this para-
8 graph shall be reallocated only for use under
9 this paragraph.”.

10 “(F) QUALIFICATION AS AFFORDABLE
11 HOUSING.—Subparagraphs (A), (B), and (C) of
12 section 215(a)(1) shall not apply to housing
13 that is assisted with amounts made available
14 under this paragraph.

15 “(G) INCREASES IN TENANT INCOME.—
16 Housing that is assisted with amounts made
17 available under section 212(a)(4) shall qualify
18 as affordable housing despite a temporary non-
19 compliance with clause (i) or (ii) of subpara-
20 graph (C) if such noncompliance is caused by
21 increases in the incomes of existing tenants and
22 if actions satisfactory to the Secretary are being
23 taken to ensure that all vacancies are filled in
24 accordance with subparagraph (C) until such
25 noncompliance is corrected. Tenants who no

1 longer qualify as very low-income families shall
2 pay as rent the lesser of the amount payable by
3 the tenant under State or local law or 40 per-
4 cent of the family's gross monthly income, as
5 recertified annually. The preceding sentence
6 shall not apply with respect to funds made
7 available under this Act for units that have
8 been allocated a low-income housing tax credit
9 by a housing credit agency pursuant to section
10 42 of the Internal Revenue Code 1986.”.

11 (d) ALLOCATION.—Section 217 of the Cranston-Gon-
12 zalez National Affordable Housing Act (42 U.S.C. 12747)
13 is amended—

14 (1) in subsection (a), by inserting after “IN
15 GENERAL.—” the following: “Except with respect to
16 amounts subject to allocation under subsection (e)”;
17 and

18 (2) by adding at the end the following new sub-
19 section:

20 “(e) ALLOCATION OF AMOUNTS FOR PRODUCTION
21 AND PRESERVATION.—

22 “(1) IN GENERAL.—Funds made available for
23 use only under section 212(a)(4) shall be allocated
24 in accordance with the formula established under
25 paragraph (2). Of such funds made available under

1 the preceding sentence, the Secretary shall allocate
2 60 percent among units of general local government
3 and 40 percent among States.

4 “(2) FORMULA.—The Secretary shall establish
5 in regulation an allocation formula that reflects each
6 jurisdiction’s share of total need among participating
7 jurisdictions for an increased supply of affordable
8 housing for extremely low- and very low-income fam-
9 ilies, as identified by objective measures of inad-
10 equate housing supply, which shall include low va-
11 cancy rates, low turnover of units with rents below
12 fair market rents established under section 8 of the
13 United States Housing Act of 1937, a high propor-
14 tion of substandard housing, the cost of producing
15 housing, and other measures that the Secretary con-
16 sider appropriate.

17 “(3) SOURCE OF DATA.—The data to be used
18 for formula allocation of funds under this subsection
19 within a fiscal year shall be data obtained from a
20 standard source that are available to the Secretary
21 90 days before the beginning of that fiscal year.

22 “(4) CONSULTATION.—The Secretary shall de-
23 velop the formula under paragraph (2) in ongoing
24 consultation with (A) the Subcommittee on Housing
25 and Community Opportunity of the Committee on

1 Financial Services of the House of Representatives,
2 (B) the Subcommittee on Housing and Transpor-
3 tation of the Committee on Banking, Housing, and
4 Urban Affairs of the Senate, and (C) organizations
5 representing States and units of general local gov-
6 ernment. Not less than 60 days before publishing a
7 formula for comment, the Secretary shall submit a
8 copy of the formula the Secretary intends to propose
9 to the Committee on Financial Services of the House
10 of Representatives and the Committee on Banking,
11 Housing, and Urban Affairs of the Senate.”.

12 (e) MATCHING REQUIREMENTS.—Section 220 of the
13 Cranston-Gonzalez National Affordable Housing Act (42
14 U.S.C. 12750) is amended by adding at the end the fol-
15 lowing new subsection:

16 “(e) PRODUCTION AND PRESERVATION.—In the case
17 of affordable housing assisted under section 212(a)(4):

18 “(1) SUBGRANTEE CONTRIBUTIONS.—Any con-
19 tributions to the housing made by subgrantees of the
20 participating jurisdiction using amounts made avail-
21 able under this title for such housing shall be consid-
22 ered contributions made by the participating juris-
23 diction, for purposes of this section.

24 “(2) USE OF TAX CREDITS AND CDBG
25 AMOUNTS.—In addition to contributions specified in

1 subsection (c), contributions for such housing may
2 be in the form of—

3 “(A) any tax credits under State or Fed-
4 eral law; and

5 “(B) notwithstanding subsection (c)(1),
6 any funds from a grant made under section 106
7 of the Housing and Community Development
8 Act of 1974.

9 “(3) WAIVER FOR POOR AND RURAL COMMU-
10 NITIES.—The Secretary may reduce or waive the
11 matching requirement under subsection (a) with re-
12 spect to any participating jurisdiction that—

13 “(A) is located in a rural area; or

14 “(B) has certified that it is in fiscal dis-
15 tress or severe fiscal distress for purposes of
16 this section.”.

17 (f) AUTHORIZATION OF APPROPRIATIONS.—Section
18 205 of the Cranston-Gonzalez National Affordable Hous-
19 ing Act (42 U.S.C. 12724) is amended—

20 (1) by inserting “(a) IN GENERAL.—” before
21 “There are authorized”; and

22 (2) by adding at the end the following new sub-
23 section:

24 “(b) PRODUCTION AND PRESERVATION OF AFFORD-
25 ABLE HOUSING.—There are authorized to be appropriated

1 for allocation under section 217(e) for use only for produe-
2 tion and preservation of affordable rental housing under
3 section 212(4) any unobligated balances from amounts ap-
4 propriated for fiscal year 2004 or any fiscal year there-
5 after for assistance under section 8 of the United States
6 Housing Act of 1937 and that are recaptured.”.

7 **SEC. 102. REMOVAL OF FAIR MARKET RENTS FROM RENT**
8 **LEVEL DETERMINATIONS.**

9 (a) DEFINITIONS.—Section 104 of the Cranston-
10 Gonzalez National Affordable Housing Act (42 U.S.C.
11 12704) is amended—

12 (1) in paragraph (9), by striking “or fair mar-
13 ket rents,”; and

14 (2) in paragraph (10), by striking “or fair mar-
15 ket rents,”.

16 (b) INCOME TARGETING.—Section 214(1)(A) of the
17 Cranston-Gonzalez National Affordable Housing Act (42
18 U.S.C. 12744(1)(A)) is amended by striking “or fair mar-
19 ket rent,”.

20 (c) QUALIFICATION AS AFFORDABLE HOUSING.—
21 Section 215(a)(1)(A) of the Cranston-Gonzalez National
22 Affordable Housing Act (42 U.S.C. 12745(a)(1)(A)) is
23 amended—

24 (1) by striking “the lesser of (i) the existing
25 fair market rent for comparable units in the area as

1 established by the Secretary under section 8 of the
 2 United States Housing Act of 1937, or (ii) a rent
 3 that does not exceed” and inserting “the amount
 4 that is equal to”; and

5 (2) by striking “or fair market rents,”.

6 **SEC. 103. MEDIAN INCOME FOR RENT DETERMINATIONS.**

7 Section 215(a)(1)(A) of the Cranston-Gonzalez Na-
 8 tional Affordable Housing Act (42 U.S.C.
 9 12745(a)(1)(A)) is amended—

10 (1) by inserting “or State, whichever is great-
 11 er” before the second comma; and

12 (2) by inserting “or State, whichever is great-
 13 er,” before “on the basis”.

14 **SEC. 104. 3-YEAR INSPECTION CYCLE FOR TAX CREDIT**
 15 **PROJECTS.**

16 Subsection (b) of section 226 of the Cranston-Gon-
 17 zalez National Affordable Housing Act (42 U.S.C. 12756)
 18 is amended to read as follows:

19 “(b) PERIODIC MONITORING.—

20 “(1) REQUIREMENT.—Each participating juris-
 21 diction shall review the activities of owners of afford-
 22 able housing for rental that is assisted under this
 23 title to assess compliance with the requirements of
 24 this title. Such review shall be conducted in compli-
 25 ance with the provisions of paragraph (2) (relating

1 to frequency) and shall include on-site inspection to
2 determine compliance with housing codes and other
3 applicable regulations.

4 “(2) FREQUENCY.—The review required by
5 paragraph (1) shall be conducted not less frequently
6 than—

7 “(A) except as provided in subparagraph
8 (B), annually; and

9 “(B) in the case of affordable housing for
10 rental that has been allocated a low-income
11 housing tax credit by a housing credit agency
12 pursuant to section 42 of the Internal Revenue
13 Code 1986 and is not considered (under such
14 regulations as the Secretary shall prescribe) to
15 be high-risk housing, once every 3 years, or
16 more often as may be required under the regu-
17 lations issued pursuant to such section 42.

18 “(3) INCLUSION IN PERFORMANCE REPORT.—
19 The results of each review of a participating juris-
20 diction shall be included in the performance report
21 of the jurisdiction that is submitted under section
22 108(a) for the year in which the review is conducted
23 and shall be made available to the public.”.

1 **SEC. 105. REPEAL OF LIMITATIONS ON PROGRAM ASSIST-**
 2 **ANCE AS PERCENTAGE OF OPERATING BUDG-**
 3 **ET.**

4 (a) HOUSING EDUCATION AND ORGANIZATIONAL
 5 SUPPORT.—Section 233(d) of the Cranston-Gonzalez Na-
 6 tional Affordable Housing Act (42 U.S.C. 12773(d)) is
 7 amended—

8 (1) by striking “may not—” and all that fol-
 9 lows through “(1)” and inserting “may not”; and

10 (2) by striking “; or” at the end of paragraph
 11 (1) and all that follows through the end of para-
 12 graph (2) and inserting a period.

13 (b) OTHER SUPPORT FOR STATE AND LOCAL HOUS-
 14 ING STRATEGIES.—The first sentence of section 243(b) of
 15 the Cranston-Gonzalez National Affordable Housing Act
 16 (42 U.S.C. 12783(b)) is amended by striking “and shall
 17 provide not more than 20 percent of the operating budget
 18 of the contracting organization in any one year”.

19 **SEC. 106. ELIGIBILITY OF ROOM ADDITIONS FOR USE FOR**
 20 **GRANDPARENTS AND GRANDCHILDREN.**

21 Section 104(8) of the Cranston-Gonzalez National
 22 Affordable Housing Act (42 U.S.C. 12704(8)) is amended
 23 by adding at the end the following new sentence: “Such
 24 term also includes an additional room in, or a cottage
 25 housing opportunity unit installed adjacent to, an existing
 26 1- to 4-family dwelling, that is necessary to permit the

1 habitation, with the low-income family occupying the
2 dwelling, of an elderly person who is a relative of the fam-
3 ily and to avoid placement of such relative in an institu-
4 tionalized setting, foster care, or other out-of-home set-
5 ting.”.

6 **SEC. 107. PROGRAM YEAR FOR MATCHING CONTRIBU-**
7 **TIONS.**

8 Section 220 of the Cranston-Gonzalez National Af-
9 fordable Housing Act (42 U.S.C. 12750) is amended—

10 (1) in subsection (a)—

11 (A) by striking “a fiscal year” and insert-
12 ing “a program year of the jurisdiction”; and

13 (B) by striking “such fiscal year” and in-
14 serting “such program year”; and

15 (2) in subsection (d)—

16 (A) in paragraph (1), by striking “fiscal
17 year” and inserting “program year of the juris-
18 diction”;

19 (B) in paragraph (3), by striking “fiscal
20 year” each place such term appears and insert-
21 ing “program year”; and

22 (C) in paragraph (5), by striking “fiscal
23 year” and inserting “program year of the juris-
24 diction”.

1 **SEC. 108. MEMBERSHIP OF BOARDS OF ELIGIBLE COMMU-**
 2 **NITY HOUSING DEVELOPMENT ORGANIZA-**
 3 **TIONS.**

4 Section 104(6) of the Cranston-Gonzalez National
 5 Affordable Housing Act (42 U.S.C. 12704(6)) is amended
 6 by adding at the end the following: “In establishing re-
 7 quirements for an organization to be considered a commu-
 8 nity housing development organization for purposes of this
 9 Act, the Secretary may not prohibit, limit, or restrict
 10 membership on the board by public employees who are not
 11 elected or appointed or who do not exercise policy-making
 12 or policy-determining functions.”.

13 **SEC. 109. MONITORING OF COMPLIANCE.**

14 (a) **AUTHORITY AND AGREEMENTS.**—Section 226 of
 15 the Cranston-Gonzalez National Affordable Housing Act
 16 (42 U.S.C. 12756) is amended—

17 (1) in the second sentence of subsection (a)—

18 (A) by striking “and”; and

19 (B) by inserting before the period at the
 20 end the following: “, and (3) such fees as may
 21 be established by the participating jurisdiction
 22 pursuant to subsection (c)”;

23 (2) by redesignating subsection (c) as sub-
 24 section (d); and

25 (3) by inserting after subsection (b) the fol-
 26 lowing new subsection:

1 “(c) MONITORING FEES.—A participating jurisdie-
2 tion may establish and charge fees to affordable housing
3 projects assisted under this title for costs of monitoring
4 compliance with the provisions of this title.”.

5 (b) USE OF INVESTMENT.—Section 212 of the Cran-
6 ston-Gonzalez National Affordable Housing Act (42
7 U.S.C. 12742(e)), as amended by the preceding provisions
8 of this Act, is further amended by adding at the end the
9 following new subsection:

10 “(h) MONITORING FEES.—Monitoring fees under
11 section 226(c) for an affordable housing project may be
12 paid for from amounts made available under this subtitle
13 to the project, in accordance with an agreement pursuant
14 to section 226(a).”.

15 **SEC. 110. FUNDING ELIGIBILITY FOR SECULAR ACTIVITIES**
16 **CARRIED OUT BY RELIGIOUS ORGANIZA-**
17 **TIONS.**

18 Title II of the Cranston-Gonzalez National Affordable
19 Housing Act is amended—

20 (1) in section 202(10) (42 U.S.C. 12721(10)),
21 by inserting “religious organizations,” after “trade
22 unions,”; and

23 (2) in section 212 (42 U.S.C. 12742), as
24 amended by the preceding provisions of this Act, by
25 adding at the end the following new subsection:

1 “(g) ELIGIBLE SUBRECIPIENTS.—Funds made avail-
2 able under this subtitle may be provided to religious orga-
3 nizations, or organizations having religious purposes, for
4 carrying out secular activities that qualify under this sec-
5 tion as eligible uses for such funds.”.

6 **TITLE II—FHA MORTGAGE**
7 **INSURANCE**
8 **Subtitle A—Multifamily Housing**
9 **and Health Care Facilities**

10 **SEC. 201. INDEXING OF MULTIFAMILY MORTGAGE LIMITS.**

11 (a) SECTION 207 LIMITS.—Section 207(c)(3) of the
12 National Housing Act (12 U.S.C. 1713(c)(3)) is
13 amended—

14 (1) by striking “\$11,250” and inserting
15 “\$17,460”;

16 (2) by inserting before “; and except that” the
17 following: “; except that the Secretary shall adjust
18 each such dollar amount limitation set forth in this
19 paragraph (as such limitation may have been pre-
20 viously adjusted pursuant to this provision) effective
21 January 1 of each year (beginning in 2003) in ac-
22 cordance with the percentage increase, if any, during
23 the 12-month period ending with the preceding Oc-
24 tober, in the Annual Construction Cost Index of the

1 Bureau of the Census of the Department of Com-
2 merce”; and

3 (3) by inserting after “foregoing dollar amount
4 limitations contained in this paragraph” the fol-
5 lowing: “(as such limitations may have been pre-
6 viously adjusted pursuant to this paragraph)”.

7 (b) SECTION 213 LIMITS.—Section 213(b)(2) of the
8 National Housing Act (12 U.S.C. 1715e(b)(2)) is
9 amended—

10 (1) by striking “\$38,025”, “\$42,120”,
11 “\$50,310”, “\$62,010”, and “\$70,200”, and insert-
12 ing “\$41,207”, “\$47,511”, “\$57,300”, “\$73,343”,
13 and “\$81,708”, respectively;

14 (2) by striking “\$49,140”, “\$60,255”,
15 “\$75,465”, and “\$85,328”, and inserting
16 “\$49,710”, “\$60,446”, “\$78,197”, and “\$85,836”,
17 respectively;

18 (3) by inserting after the colon at the end of
19 the first proviso the following: “*Provided further,*
20 That the Secretary shall adjust each such dollar
21 amount limitation set forth in this paragraph (as
22 such limitation may have been previously adjusted
23 pursuant to this provision) effective January 1 of
24 each year (beginning in 2003) in accordance with
25 the percentage increase, if any, during the 12-month

1 period ending with the preceding October, in the An-
2 nual Construction Cost Index of the Bureau of the
3 Census of the Department of Commerce”; and

4 (4) by inserting after “foregoing dollar amount
5 limitations contained in this paragraph” the fol-
6 lowing: “(as such limitations may have been pre-
7 viously adjusted pursuant to this paragraph)”.

8 (c) SECTION 220 LIMITS.—Section 220(d)(3)(B)(iii)
9 of the National Housing Act (12 U.S.C.
10 1715k(d)(3)(B)(iii)) is amended—

11 (1) by inserting after “foregoing dollar amount
12 limitations contained in this clause”, the first place
13 such phrase appears, the following: “(as such limita-
14 tions may have been previously adjusted pursuant to
15 this clause)”.

16 (2) by inserting after “*Provided,*” the following:
17 “That the Secretary shall adjust each such dollar
18 amount limitation set forth in this clause (as such
19 limitation may have been previously adjusted pursu-
20 ant to this provision) effective January 1 of each
21 year (beginning in 2003) in accordance with the per-
22 centage increase, if any, during the 12-month period
23 ending with the preceding October, in the Annual
24 Construction Cost Index of the Bureau of the Cen-

1 sus of the Department of Commerce: *Provided fur-*
2 *ther,*”; and

3 (3) by striking “(as determined after the appli-
4 cation of the preceding proviso)” and inserting “(as
5 such limitations may have been previously adjusted
6 pursuant to the preceding proviso and as determined
7 after application of any percentage increase author-
8 ized in this clause relating to units with two, three,
9 or four or more bedrooms)”.

10 (d) SECTION 221(d)(3) LIMITS.—Section
11 221(d)(3)(ii) of the National Housing Act (12 U.S.C.
12 1715l(d)(3)(ii)) is amended—

13 (1) by inserting before “; and except that” the
14 following: “; except that the Secretary shall adjust
15 each such dollar amount limitation set forth in this
16 clause (as such limitation may have been previously
17 adjusted pursuant to this provision) effective Janu-
18 ary 1 of each year (beginning in 2003) in accord-
19 ance with the percentage increase, if any, during the
20 12-month period ending with the preceding October,
21 in the Annual Construction Cost Index of the Bu-
22 reau of the Census of the Department of Com-
23 merce”; and

24 (2) by inserting after “foregoing dollar amount
25 limitations contained in this clause” the following:

1 “(as such limitations may have been previously ad-
2 justed pursuant to this clause)”.

3 (e) SECTION 221(d)(4) LIMITS.—Section
4 221(d)(4)(ii) of the National Housing Act (12 U.S.C.
5 1715l(d)(4)(ii)) is amended—

6 (1) by inserting before “; and except that” the
7 following: “; except that the Secretary shall adjust
8 each such dollar amount limitation set forth in this
9 clause (as such limitation may have been previously
10 adjusted pursuant to this provision) effective Janu-
11 ary 1 of each year (beginning in 2003) in accord-
12 ance with the percentage increase, if any, during the
13 12-month period ending with the preceding October,
14 in the Annual Construction Cost Index of the Bu-
15 reau of the Census of the Department of Com-
16 merce”; and

17 (2) by inserting after “foregoing dollar amount
18 limitations contained in this clause” the following:
19 “(as such limitations may have been previously ad-
20 justed pursuant to this clause)”.

21 (f) SECTION 231 LIMITS.—Section 231(c)(2) of the
22 National Housing Act (12 U.S.C. 1715v(c)(2)) is
23 amended—

24 (1) by inserting before “; and except that” the
25 following: “; except that the Secretary shall adjust

1 each such dollar amount limitation set forth in this
2 paragraph (as such limitation may have been pre-
3 viously adjusted pursuant to this provision) effective
4 January 1 of each year (beginning in 2003) in ac-
5 cordance with the percentage increase, if any, during
6 the 12-month period ending with the preceding Oc-
7 tober, in the Annual Construction Cost Index of the
8 Bureau of the Census of the Department of Com-
9 merce”; and

10 (2) by inserting after “foregoing dollar amount
11 limitations contained in this paragraph” the fol-
12 lowing: “(as such limitations may have been pre-
13 viously adjusted pursuant to this paragraph)”.

14 (g) SECTION 234 LIMITS.—Section 234(e)(3) of the
15 National Housing Act (12 U.S.C. 1715y(e)(3)) is
16 amended—

17 (1) by inserting before “; except that” the sec-
18 ond place such phrase appears the following: “; ex-
19 cept that the Secretary shall adjust each such dollar
20 amount limitation set forth in this paragraph (as
21 such limitation may have been previously adjusted
22 pursuant to this provision) effective January 1 of
23 each year (beginning in 2003) in accordance with
24 the percentage increase, if any, during the 12-month
25 period ending with the preceding October, in the An-

1 nual Construction Cost Index of the Bureau of the
2 Census of the Department of Commerce”;

3 (2) by inserting after “each of the foregoing
4 dollar amounts” the following: “(as such amounts
5 may have been previously adjusted pursuant to this
6 paragraph)”;

7 (3) by inserting after “foregoing dollar amount
8 limitations contained in this paragraph” the fol-
9 lowing: “(as such limitations may have been pre-
10 viously adjusted pursuant to this paragraph and in-
11 creased pursuant to the preceding clause)”.

12 **SEC. 202. HIGH-COST AREAS.**

13 In the National Housing Act, sections 207(c)(3) (12
14 U.S.C. 1713(c)(3)), 213(b)(2) (12 U.S.C. 1715e(b)(2)),
15 220(d)(3)(B)(iii) (12 U.S.C. 1715k(d)(3)(B)(iii)),
16 221(d)(3)(ii) (12 U.S.C. 1715l(d)(3)(ii)), 221(d)(4)(ii)
17 (12 U.S.C. 1715l(d)(4)(ii)), 231(c)(2) (12 U.S.C.
18 1715v(c)(2)), and 234(e)(3) (12 U.S.C. 1715y(e)(3)) are
19 each amended—

20 (1) by striking “140 percent” and inserting
21 “170 percent”; and

22 (2) by striking “110 percent” and inserting
23 “140 percent”.

1 **SEC. 203. INSURANCE FOR INTEGRATED SERVICE FACILI-**
2 **TIES MORTGAGES.**

3 Section 232 of the National Housing Act (12 U.S.C.
4 1715w) is amended—

5 (1) in subsection (a)(2)—

6 (A) by striking “nevertheless”; and

7 (B) by inserting after paragraph (3) the
8 following new paragraph:

9 “(4) The development of integrated service fa-
10 cilities for the care and treatment of the elderly and
11 other persons in need of health care and related
12 services, but who do not require hospital care, and
13 the support of health care facilities which provide
14 such health care and related services (including
15 those that support hospitals (as defined in section
16 242(b))).”;

17 (2) in subsection (b)—

18 (A) in paragraph (6)—

19 (i) by striking subparagraph (A) and
20 inserting the following new subparagraph:

21 “(A) meets all applicable licensing and reg-
22 ulatory requirements of the State, or if there is
23 no State law providing for such licensing and
24 regulation by the State, meets all applicable li-
25 censing and regulatory requirements of the mu-
26 nicipality or other political subdivision in which

1 the facility is located, or, in the absence of any
2 such requirements, meets any underwriting re-
3 quirements of the Secretary for such pur-
4 poses;”; and

5 (ii) in subparagraph (C), by striking
6 “and” at the end;

7 (B) in paragraph (7), by striking the pe-
8 riod at the end and inserting “; and”; and

9 (C) by adding at the end the following new
10 paragraph:

11 “(8) the term ‘integrated service facility’ means
12 a facility that—

13 “(A) provides integrated health care deliv-
14 ery services designed and operated to provide
15 medical, convalescent, skilled and intermediate
16 nursing, board and care services, assisted living,
17 rehabilitation, custodial, personal care services,
18 or any combination thereof, to sick, injured,
19 disabled, elderly, or infirm persons, or provides
20 services for the prevention of illness, or any
21 combination thereof;

22 “(B) is designed, in whole or in part, to
23 provide a continuum of care, as determined by
24 the Secretary, for the sick, injured, disabled, el-
25 derly, or infirm;

1 “(C) provides clinical services, outpatient
2 services, including community health services
3 and medical practice facilities and group prac-
4 tice facilities, to sick, injured, disabled, elderly,
5 or infirm persons not in need of the services
6 rendered in other facilities insurable under this
7 title, or for the prevention of illness, or any
8 combination thereof;

9 “(D)(i) is designed, in whole or in part to
10 provide supportive or ancillary services to hos-
11 pitals (as defined in section 242(b)), which
12 services may include services provided by spe-
13 cial use health care facilities, professional office
14 buildings, laboratories, administrative offices,
15 and other facilities supportive or ancillary to
16 health care delivery by such hospitals; and

17 “(ii) meets standards acceptable to the
18 Secretary, which may include standards gov-
19 erning licensure or State or local approval and
20 regulation of a mortgagor; or

21 “(E) provides any combination of the serv-
22 ices under subparagraphs (A) through (D).”;

23 (3) in subsection (d)—

24 (A) in the matter preceding paragraph
25 (1)—

1 (i) by inserting “board and care
2 home,” after “rehabilitated nursing
3 home,”;

4 (ii) by inserting “integrated service
5 facility,” after “assisted living facility,” the
6 first two places such term appears;

7 (iii) by inserting “board and care
8 home,” after “existing nursing home,”;
9 and

10 (iv) by striking “or a board and care
11 home” and inserting “, board and care
12 home, or integrated service facility”;

13 (B) in paragraph (2)

14 (i) in the matter preceding subpara-
15 graph (A), by inserting before the last
16 comma the following: “or a public body,
17 public agency, or public corporation eligible
18 under this section”; and

19 (ii) in subparagraph (B), by striking
20 “energy conservation measures” and all
21 that follows through “Public Law 95–
22 619)” and inserting “energy conserving
23 improvements (as defined in section
24 2(a))”; and

1 (C) in paragraph (4)(C)(iii), by striking
 2 “the appropriate State” and inserting “any ap-
 3 propriate”; and

4 (4) in subsection (i)(1), by inserting “integrated
 5 service facilities,” after “assisted living facilities.”

6 **SEC. 204. INSURANCE FOR MORTGAGES FOR INTEGRATED**
 7 **SERVICE FACILITIES OWNED IN CONNECTION**
 8 **WITH HOSPITALS.**

9 Section 242 of the National Housing Act (12 U.S.C.
 10 1715z-7) is amended—

11 (1) in subsection (b)—

12 (A) in paragraph (1)—

13 (i) in subparagraph (A), by inserting
 14 “and” after the semicolon at the end;

15 (ii) by striking subparagraph (B); and

16 (iii) in subparagraph (C)—

17 (I) by striking “(C)” and insert-
 18 ing “(B)”; and

19 (II) by striking “and” at the
 20 end”; and

21 (B) by adding at the end the following new
 22 paragraph:

23 “(3) the term ‘integrated service facility’ has
 24 the meaning given the term in section 232(b).”;

1 (2) in subsection (c), by striking “title VII” and
2 inserting “title VI”;

3 (3) in subsection (d)—

4 (A) in the matter preceding paragraph (1),
5 by inserting after “operation” the following: “or
6 that covers an integrated service facility owned
7 or to be owned by an applicant or proposed
8 mortgagor that also owns a hospital in the
9 same market area, including equipment to be
10 used in its operation,”;

11 (B) in paragraph (1)—

12 (i) in the first sentence, by inserting
13 before the period the following: “and who,
14 in the case of a mortgage covering an inte-
15 grated service facility, is also the owner of
16 a hospital facility”; and

17 (ii) by adding at the end the fol-
18 lowing: “A mortgage insured under this
19 section covering an integrated service facil-
20 ity may only cover the real and personal
21 property where the eligible facility will be
22 located.”; and

23 (C) in paragraph (2)—

1 (i) in subparagraph (A), by inserting
 2 “or integrated service facility” before the
 3 comma; and

4 (ii) in paragraph (2)(B), by striking
 5 “energy conservation measures” and all
 6 that follows through “Public Law 95–
 7 619)” and inserting “energy conserving
 8 improvements (as defined in section
 9 2(a))”; and

10 (4) in subsection (f), by inserting “and public
 11 integrated service facilities” after “public hospitals”.

12 **SEC. 205. INSURANCE FOR MORTGAGES FOR REFINANCING**
 13 **DEBT OF EXISTING INTEGRATED SERVICE FA-**
 14 **CILITIES.**

15 Section 223(f) of the National Housing Act (12
 16 U.S.C. 1715n(f)) is amended—

17 (1) in paragraph (1), by inserting “existing in-
 18 tegrated service facility,” after “existing board and
 19 care home,”; and

20 (2) in paragraph (4)—

21 (A) by inserting “existing integrated serv-
 22 ice facility,” after “board and care home,” each
 23 place such term appears;

24 (B) in subparagraph (B), by inserting
 25 after “indebtedness” the following: “, pay any

1 other costs including repairs, maintenance,
2 minor improvements, or additional equipment
3 that may be approved by the Secretary,”; and

4 (C) in subparagraph (D)—

5 (i) by inserting “existing” before “in-
6 termediate care facility”; and

7 (ii) by inserting “existing” before
8 “board and care home”.

9 **SEC. 206. STANDARDS AND NEED FOR HEALTH CARE FACIL-**
10 **ITY MORTGAGE INSURANCE.**

11 (a) HOSPITALS.—Paragraph (4) of section 242(d) of
12 the National Housing Act (12 U.S.C. 1715z–7) is amend-
13 ed to read as follows:

14 “(4)(A) The Secretary, in conjunction with the
15 Secretary of Health and Human Services, shall re-
16 quire satisfactory evidence that the hospital will be
17 located in a State or political subdivision of a State
18 with reasonable minimum standards of licensure and
19 methods of operation for hospitals and satisfactory
20 assurance that such standards will be applied and
21 enforced with respect to the hospital.

22 “(B) The Secretary shall establish the means
23 for determining need and feasibility for the hospital.
24 If the State has an official procedure for deter-
25 mining need for hospitals, the Secretary shall also

1 require that such procedure be followed before the
2 application for insurance is submitted, and the appli-
3 cation shall document that need has also been estab-
4 lished under that procedure.”.

5 (b) NURSING HOMES, INTERMEDIATE CARE FACILI-
6 TIES, AND COMBINED FACILITIES.—Section 232(d)(4) of
7 the National Housing Act (12 U.S.C. 1715w(d)(4)) is
8 amended by striking the paragraph designation and all
9 that follows through the end of subparagraph (A) and in-
10 serting the following:

11 “(4)(A)(i) The Secretary, in conjunction with
12 the Secretary of Health and Human Services, shall
13 require satisfactory evidence that a nursing home,
14 intermediate care facility, or combined nursing home
15 and intermediate care facility will be located in a
16 State or political subdivision of a State with reason-
17 able minimum standards of licensure and methods of
18 operation for such homes, facilities, or combined
19 homes and facilities. The Secretary shall also require
20 satisfactory assurance that such standards will be
21 applied and enforced with respect to the home, facil-
22 ity, or combined home or facility.

23 “(ii) The Secretary shall establish the means
24 for determining need and feasibility for the home,
25 facility, or combined home and facility. If the State

1 has an official procedure for determining need for
 2 such homes, facilities, or combined homes and facili-
 3 ties, the Secretary shall also require that such proce-
 4 dure be followed before the application for insurance
 5 is submitted, and the application shall document
 6 that need has also been established under that pro-
 7 cedure.”.

8 **Subtitle B—Single Family Housing**

9 **SEC. 221. DOWNPAYMENT SIMPLIFICATION.**

10 (a) IN GENERAL.—Section 203(b) of the National
 11 Housing Act (12 U.S.C. 1709(b)) is amended—

12 (1) in paragraph (2)—

13 (A) in subparagraph (A), by realigning the
 14 matter that precedes clause (ii) an additional 2
 15 ems from the left margin;

16 (B) in the matter that follows subpara-
 17 graph (B)(iii)—

18 (i) by striking the seventh sentence of
 19 such matter (relating to the maximum
 20 amount of a principal obligation of a mort-
 21 gage) and all that follows through the end
 22 of the penultimate undesignated para-
 23 graph; and

24 (ii) by striking the second and third
 25 sentences of such matter; and

- 1 (C) by striking subparagraph (B);
- 2 (2) by transferring and inserting subparagraph
- 3 (A) of paragraph (10) after subparagraph (A) of
- 4 paragraph (2) and amending such subparagraph by
- 5 striking all of the matter that precedes clause (i)
- 6 and inserting the following:
- 7 “(B) not to exceed an amount equal to the
- 8 sum of—”;
- 9 (3) by transferring and inserting the last undes-
- 10 ignated paragraph of paragraph (2) (relating to dis-
- 11 closure notice) after subsection (e), realigning such
- 12 transferred paragraph so as to be flush with the left
- 13 margin, and amending such transferred paragraph
- 14 by inserting “(f) DISCLOSURE OF OTHER MORT-
- 15 GAGE PRODUCTS.—” before “In conjunction”;
- 16 (4) by transferring and inserting the sentence
- 17 that constitutes the text of paragraph (10)(B) after
- 18 the period at the end of the first sentence that fol-
- 19 lows subparagraph (B) (relating to the definition of
- 20 “area”) and amending such transferred sentence by
- 21 inserting “(2)” after “this paragraph”; and
- 22 (5) by striking paragraph (10) (as amended by
- 23 the preceding provisions this section).

1 (b) CONFORMING AMENDMENTS.—Section 245 of the
2 National Housing Act (12 U.S.C. 1715z–10) is
3 amended—

4 (1) in subsection (a), by striking “, or if the
5 mortgagor” and all that follows through “case of
6 veterans”; and

7 (2) in subsection (b)(3), by striking “, or, if
8 the” and all that follows through “for veterans.”.

9 **SEC. 222. REDUCED DOWNPAYMENT REQUIREMENTS FOR**
10 **LOANS FOR TEACHERS AND PUBLIC SAFETY**
11 **OFFICERS.**

12 (a) IN GENERAL.—Section 203(b) of the National
13 Housing Act (12 U.S.C. 1709(b)) is amended by adding
14 at the end the following new paragraph:

15 “(11) REDUCED DOWNPAYMENT REQUIRE-
16 MENTS FOR TEACHERS AND PUBLIC SAFETY OFFI-
17 CERS.—

18 “(A) IN GENERAL.—Notwithstanding para-
19 graph (2), in the case of a mortgage described
20 in subparagraph (B)—

21 “(i) the mortgage shall involve a prin-
22 cipal obligation in an amount that does not
23 exceed the sum of 99 percent of the ap-
24 praised value of the property and the total
25 amount of initial service charges, ap-

1 praisal, inspection, and other fees (as the
2 Secretary shall approve) paid in connection
3 with the mortgage;

4 “(ii) no other provision of this sub-
5 section limiting the principal obligation of
6 the mortgage based upon a percentage of
7 the appraised value of the property subject
8 to the mortgage shall apply; and

9 “(iii) the matter in paragraph (9) that
10 precedes the first proviso shall not apply
11 and the mortgage shall be executed by a
12 mortgagor who shall have paid on account
13 of the property at least 1 percent of the
14 cost of acquisition (as determined by the
15 Secretary) in cash or its equivalent.

16 “(B) MORTGAGES COVERED.—A mortgage
17 described in this subparagraph is a mortgage—

18 “(i) under which the mortgagor is an
19 individual who—

20 “(I) is (aa) a teacher, or (bb) a
21 public safety officer; and

22 “(II) has not, during the 12-
23 month period ending upon the insur-
24 ance of the mortgage, had any present
25 ownership interest in a principal resi-

1 dence located in the jurisdiction de-
2 scribed in clause (ii); and

3 “(ii) made for a property that is lo-
4 cated within the jurisdiction of—

5 “(I) in the case of a mortgage of
6 a mortgagor described in clause
7 (i)(I)(aa), the local educational agency
8 for the school in which the mortgagor
9 is employed (or, in the case of a mort-
10 gagor employed in a private school,
11 the local educational agency having
12 jurisdiction for the area in which the
13 private school is located); or

14 “(II) in the case of a mortgage of
15 a mortgagor described in clause
16 (i)(I)(bb), the jurisdiction served by
17 the public law enforcement agency,
18 firefighting agency, or rescue or am-
19 bulance agency that employs the
20 mortgagor.

21 “(C) PROGRAM INTEGRITY.—Notwith-
22 standing any other provision of this paragraph
23 and section 203(c)(3), the Secretary may sus-
24 pend the applicability of this paragraph and
25 such section for such period as the Secretary

1 considers appropriate if the Secretary deter-
2 mines such suspension is necessary because of
3 fraud or other issues regarding program integ-
4 rity.”.

5 (b) DEFERRAL AND REDUCTION OF UP-FRONT PRE-
6 MIUM.—Section 203(c) of the National Housing Act (12
7 U.S.C. 1709(c)(2)) is amended—

8 (1) in paragraph (2), in the matter preceding
9 subparagraph (A), by striking “Notwithstanding”
10 and inserting “Except as provided in paragraph (3)
11 and notwithstanding”; and

12 (2) by adding at the end the following new
13 paragraph:

14 “(3) DEFERRAL AND REDUCTION OF UP-FRONT PRE-
15 MIUM.—In the case of any mortgage described in sub-
16 section (b)(11)(B):

17 “(A) Paragraph (2)(A) of this subsection (relat-
18 ing to collection of up-front premium payments)
19 shall not apply.

20 “(B) If, at any time during the 5-year period
21 beginning on the date of the insurance of the mort-
22 gage, the mortgagor ceases to be a teacher or public
23 safety officer (as such terms are defined in section
24 201) or pays the principal obligation of the mort-
25 gage in full, the Secretary shall at such time collect

1 a single premium payment in an amount equal to
2 the amount of the single premium payment that, but
3 for this paragraph, would have been required under
4 paragraph (2)(A) of this subsection with respect to
5 the mortgage, as reduced by 20 percent of such
6 amount for each successive 12-month period com-
7 pleted during such 5-year period before such ces-
8 sation or prepayment occurs.”.

9 (c) DEFINITIONS.—Section 201 of the National
10 Housing Act (12 U.S.C. 1707) is amended—

11 (1) by redesignating subsections (a) through (f)
12 as paragraphs (1) through (6), respectively;

13 (2) by realigning each paragraph 2 ems from
14 the left margin; and

15 (3) by adding at the end the following new
16 paragraphs:

17 “(7) The term ‘public safety officer’ has the
18 meaning given such term in section 1204 of the Om-
19 nibus Crime Control and Safe Streets Act of 1968
20 (42 U.S.C. 3796b), except that such term shall not
21 include any officer serving a public agency of the
22 Federal Government.

23 “(8) The term ‘teacher’ means an individual
24 who is employed on a part- or full-time basis as a
25 teacher or administrator in a public or private school

1 that provides elementary or secondary education, as
2 determined under State law, except that elementary
3 education shall include pre-Kindergarten education,
4 and except that secondary education shall not in-
5 clude any education beyond grade 12.

6 “(9) The term ‘local educational agency’ has
7 the meaning given such term in section 14101 of the
8 Elementary and Secondary Education Act of 1965
9 (20 U.S.C. 8801)).”.

10 (d) REGULATIONS.—Not later than 60 days after the
11 date of the enactment of this Act, the Secretary shall issue
12 regulations to implement the amendments made by this
13 section.

14 **SEC. 223. COMMUNITY PARTNERS NEXT DOOR PROGRAM.**

15 (a) DISCOUNT AND DOWNPAYMENT ASSISTANCE FOR
16 TEACHERS AND PUBLIC SAFETY OFFICERS.—Section
17 204(h) of the National Housing Act (12 U.S.C. 1710(h))
18 is amended—

19 (1) by redesignating paragraphs (7) through
20 (10) as paragraphs (8) through (11), respectively;
21 and

22 (2) by inserting after paragraph (6) the fol-
23 lowing new paragraph:

1 “(7) 50 PERCENT DISCOUNT FOR TEACHERS
2 AND PUBLIC SAFETY OFFICERS PURCHASING PROP-
3 ERTIES THAT ARE ELIGIBLE ASSETS.—

4 “(A) DISCOUNT.—A property that is an el-
5 igible asset and is sold, during fiscal years 2002
6 through 2006, to a teacher or public safety offi-
7 cer for use in accordance with subparagraph
8 (B) shall be sold at a price that is equal to 50
9 percent of the appraised value of the eligible
10 property (as determined in accordance with
11 paragraph (6)(B)). In the case of a property el-
12 igible for both a discount under this paragraph
13 and a discount under paragraph (6), the dis-
14 count under paragraph (6) shall not apply.

15 “(B) PRIMARY RESIDENCE.—An eligible
16 property sold pursuant to a discount under this
17 paragraph shall be used, for not less than the
18 3-year period beginning upon such sale, as the
19 primary residence of a teacher or public safety
20 officer.

21 “(C) SALE METHODS.—The Secretary may
22 sell an eligible property pursuant to a discount
23 under this paragraph—

24 “(i) to a unit of general local govern-
25 ment or nonprofit organization (pursuant

1 to paragraph (4) or otherwise), for resale
2 or transfer to a teacher or public safety of-
3 ficer; or

4 “(ii) directly to a purchaser who is a
5 teacher or public safety officer.

6 “(D) RESALE.—In the case of any pur-
7 chase by a unit of general local government or
8 nonprofit organization of an eligible property
9 sold at a discounted price under this paragraph,
10 the sale agreement under paragraph (8) shall—

11 “(i) require the purchasing unit of
12 general local government or nonprofit or-
13 ganization to provide the full benefit of the
14 discount to the teacher or public safety of-
15 ficer obtaining the property; and

16 “(ii) in the case of a purchase involv-
17 ing multiple eligible assets, any of which is
18 such an eligible property, designate the
19 specific eligible property or properties to be
20 subject to the requirements of subpara-
21 graph (B).

22 “(E) MORTGAGE DOWNPAYMENT ASSIST-
23 ANCE.—If a teacher or public safety officer pur-
24 chases an eligible property pursuant to a dis-
25 counted sale price under this paragraph and fi-

1 nances such purchase through a mortgage in-
2 sured under this title, notwithstanding any pro-
3 vision of section 203 the downpayment on such
4 mortgage shall be \$100.

5 “(F) PREVENTION OF UNDUE PROFIT.—
6 The Secretary shall issue regulations to prevent
7 undue profit from the resale of eligible prop-
8 erties in violation of the requirement under sub-
9 paragraph (B).

10 “(G) DEFINITIONS.—For the purposes of
11 this paragraph, the following definitions shall
12 apply:

13 “(i) The term ‘eligible property’
14 means an eligible asset described in para-
15 graph (2)(A) of this subsection.

16 “(ii) The terms ‘teacher’ and ‘public
17 safety officer’ have the meanings given
18 such terms in section 201.

19 “(H) PROGRAM INTEGRITY.—Notwith-
20 standing any other provision of this paragraph,
21 the Secretary may suspend the applicability of
22 this paragraph for such period as the Secretary
23 considers appropriate if the Secretary deter-
24 mines such suspension is necessary because of

1 fraud or other issues regarding program integ-
2 rity.”.

3 (b) CONFORMING AMENDMENTS.—Section 204(h) of
4 the National Housing Act (12 U.S.C. 1710(h)) is
5 amended—

6 (1) in paragraph (4)(B)(ii), by striking “para-
7 graph (7)” and inserting “paragraph (8)”;

8 (2) in paragraph (5)(B)(i), by striking “para-
9 graph (7)” and inserting “paragraph (8)”;

10 (3) in paragraph (6)(A), by striking “paragraph
11 (8)” and inserting “paragraph (9)”.

12 (c) REGULATIONS.—Not later than 60 days after the
13 date of the enactment of this Act, the Secretary shall issue
14 regulations to implement the amendments made by this
15 section.

16 **SEC. 224. PUBLIC SAFETY OFFICER HOME OWNERSHIP IN**
17 **HIGH-CRIME AREAS.**

18 (a) PROGRAM AUTHORITY.—The Secretary of Hous-
19 ing and Urban Development shall carry out a pilot pro-
20 gram in accordance with this section to assist Federal,
21 State, and local public safety officers purchasing homes
22 in locally-designated high-crime areas.

23 (b) ELIGIBILITY.—To be eligible for assistance under
24 this section, a public safety officer shall agree, in writing,
25 to use the residence purchased with such assistance as the

1 primary residence of the public safety officer for not less
2 than 3 years after the date of purchase.

3 (c) MORTGAGE ASSISTANCE.—If a public safety offi-
4 cer purchases a home in locally-designated high-crime area
5 and finances such purchase through a mortgage insured
6 under title II of the National Housing Act (12 U.S.C.
7 1707 et seq.), notwithstanding any provision of section
8 203 or any other provision of the National Housing Act,
9 the following shall apply:

10 (1) DOWNPAYMENT.—

11 (A) IN GENERAL.—There shall be no
12 downpayment required if the purchase price of
13 the property is not more than the reasonable
14 value of the property, as determined by the Sec-
15 retary.

16 (B) PURCHASE PRICE EXCEEDS VALUE.—

17 If the purchase price of the property exceeds
18 the reasonable value of the property, as deter-
19 mined by the Secretary, the required downpay-
20 ment shall be the difference between such rea-
21 sonable value and the purchase price.

22 (2) CLOSING COSTS.—The closing costs and
23 origination fee for such mortgage may be included in
24 the loan amount.

1 (3) INSURANCE PREMIUM PAYMENT.—There
2 shall be one insurance premium payment due on the
3 mortgage. Such insurance premium payment—

4 (A) shall be equal to 1 percent of the loan
5 amount;

6 (B) shall be due and considered earned by
7 the Secretary at the time of the loan closing;
8 and

9 (C) may be included in the loan amount
10 and paid from the loan proceeds.

11 (d) LOCAL DESIGNATION OF HIGH-CRIME AREAS.—

12 (1) CRITERIA.—Any unit of local government
13 may request that the Secretary designate any area
14 within the jurisdiction of that unit of local govern-
15 ment as a locally-designated high-crime area for pur-
16 poses of this section if the proposed area—

17 (A) has a crime rate that is significantly
18 higher than the crime rate of the non-des-
19 ignated area that is within the jurisdiction of
20 the unit of local government; and

21 (B) has a population that is not more than
22 25 percent of the total population of area with-
23 in the jurisdiction of the unit of local govern-
24 ment.

1 (2) DEADLINE FOR CONSIDERATION OF RE-
2 QUEST.—Not later than 60 days after receiving a re-
3 quest under paragraph (1), the Secretary shall ap-
4 prove or disapprove the request.

5 (e) PUBLIC SAFETY OFFICER.—For purposes of this
6 section, the term “public safety officer” has the meaning
7 given such term in section 201 of the National Housing
8 Act (12 U.S.C. 1707) (as amended by section 222(c) of
9 this Act), except that such term includes any officer serv-
10 ing a public agency of the Federal Government.

11 (f) PROGRAM INTEGRITY.—Notwithstanding any
12 other provision of this section, the Secretary may suspend
13 the applicability of this section for such period as the Sec-
14 retary considers appropriate if the Secretary determines
15 such suspension is necessary because of fraud or other
16 issues regarding program integrity.

17 (g) REGULATIONS.—Not later than 60 days after the
18 date of the enactment of this Act, the Secretary shall issue
19 regulations to implement the provisions of this section.

20 (h) SUNSET.—The Secretary shall not approve any
21 application for assistance under this section that is re-
22 ceived by the Secretary after the expiration of the 3-year
23 period beginning on the date that the Secretary first
24 makes available assistance under the pilot program under
25 this section.

1 **SEC. 225. SERVICING OF HUD-OWNED MORTGAGES.**

2 (a) HUD REQUIREMENT.—Section 204 of the Na-
3 tional Housing Act (12 U.S.C. 1710) is amended—

4 (1) in subsection (a), by redesignating para-
5 graphs (5) through (9) as paragraphs (4) through
6 (8), respectively; and

7 (2) by inserting after subsection (j) the fol-
8 lowing new subsection:

9 “(k) SERVICING FUNCTIONS.—

10 “(1) MERGER WITH RURAL HOUSING LOAN
11 PROGRAM SERVICING.—To provide for the servicing
12 of HUD-held single family mortgages with the same
13 level of performance, effectiveness, and efficiency
14 with which servicing is conducted for single family
15 loans made under section 502 of the Housing Act of
16 1949 (42 U.S.C. 1472), the Secretary of Housing
17 and Urban Development, in consultation and coordi-
18 nation with the Secretary of Agriculture, shall take
19 such action as may be necessary to combine and co-
20 ordinate the functions and personnel for servicing
21 HUD-held single family mortgages with the func-
22 tions and personnel for servicing loans made under
23 such section 502.

24 “(2) HUD-HELD SINGLE FAMILY MORTGAGE.—
25 For purposes of this subsection, the term ‘HUD-held
26 single family mortgage’ means a mortgage that—

1 “(A) is made with respect to housing de-
2 signed for occupancy by one to four families;
3 and

4 “(B) is held by the Secretary of Housing
5 and Urban Development pursuant to payment
6 of insurance benefits under the National Hous-
7 ing Act.”.

8 (b) DEPARTMENT OF AGRICULTURE REQUIRE-
9 MENT.—Section 501 of the Housing Act of 1949 (42
10 U.S.C. 1471) is amended by adding at the end the fol-
11 lowing new subsection:

12 “(k) SERVICING FUNCTIONS.—

13 “(1) MERGER WITH RURAL HOUSING LOAN
14 PROGRAM SERVICING.—To provide for the servicing
15 of HUD-held single family mortgages (as such term
16 is defined in section 204(k)(2) of the National Hous-
17 ing Act (12 U.S.C. 1710(k)(2)) with the same level
18 of performance, effectiveness, and efficiency with
19 which servicing is conducted for single family loans
20 made under section 502 of this Act, the Secretary
21 of Agriculture shall consult and coordinate with the
22 Secretary of Housing and Urban Development, and
23 shall take such other action, as may be necessary to
24 combine and coordinate the functions and personnel
25 for servicing HUD-held single family mortgages with

1 the functions and personnel for servicing loans made
2 under section 502.”.

3 **SEC. 226. RISK-BASED CAPITAL LEVELS FOR MUTUAL**
4 **MORTGAGE INSURANCE FUND.**

5 (a) IN GENERAL.—Subsection (f) of section 205 of
6 the National Housing Act (12 U.S.C. 1711(f)) is amended
7 to read as follows:

8 “(f) MINIMUM ADEQUATE CAPITAL LEVEL FOR
9 MMIF.—

10 “(1) IN GENERAL.—The Secretary shall ensure
11 that, at all times, the Mutual Mortgage Insurance
12 Fund maintains capital in an amount equal to or
13 greater than the minimum adequate capital level,
14 which shall be the amount equal to the sum of the
15 minimum basic capital ratio under paragraph (2)
16 and the minimum risk-based capital ratio under
17 paragraph (3).

18 “(2) MINIMUM BASIC CAPITAL RATIO.—The
19 minimum basic capital ratio under this paragraph is
20 the amount that is equal to one percent of the
21 unamortized insurance-in-force.

22 “(3) MINIMUM RISK-BASED CAPITAL RATIO.—

23 “(A) IN GENERAL.—The minimum risk-
24 based capital ratio under this paragraph is the
25 amount, established pursuant to subparagraph

1 (B), that would permit the Mutual Mortgage
2 Insurance Fund to withstand mortgage defaults
3 and prepayments associated with a broad range
4 of adverse economic circumstances, which shall
5 include—

6 “(i) circumstances derived from his-
7 torical regional and national experience in
8 which mortgages insured under this Act
9 experienced high rates of default and pre-
10 payment;

11 “(ii) events that may plausibly occur
12 in the future, notwithstanding that such
13 events may not have occurred in the past,
14 and which could result in high rates of
15 mortgage defaults or prepayments, or both;

16 “(iii) circumstances under which mul-
17 tiple such events occur simultaneously or
18 in rapid succession.

19 “(B) CONSULTATION.—The Secretary,
20 jointly with the Director of the Office of Man-
21 agement and Budget, and in consultation with
22 the Director of the Congressional Budget Office
23 and the Comptroller General of the United
24 States, shall by regulation establish a formula

1 for determining the minimum risk-based capital
2 ratio.

3 “(C) REVIEW AND MODIFICATION.—Not
4 less than once every 3 years, the Secretary shall
5 review and modify the set of adverse economic
6 circumstances used to establish the minimum
7 risk-based capital ratio.

8 “(4) DEFINITIONS.—For purposes of this sub-
9 section, the following definitions shall apply:

10 “(A) CAPITAL.—The term ‘capital’ means
11 the economic net worth of the Mutual Mortgage
12 Insurance Fund, as determined by the Sec-
13 retary under the annual audit required under
14 section 538.

15 “(B) ECONOMIC NET WORTH.—The term
16 ‘economic net worth’ means the current cash
17 available to the Mutual Mortgage Insurance
18 Fund, plus the net present value of all future
19 cash inflows and outflows expected to result
20 from the outstanding mortgages in such Fund.

21 “(C) UNAMORTIZED INSURANCE-IN-
22 FORCE.—The term ‘unamortized insurance-in-
23 force’ means the original insured amount of
24 outstanding mortgages which are insured under
25 the Mutual Mortgage Insurance Fund.”.

1 (b) APPLICABILITY.—The amendment made by this
2 section is made on the date of the enactment of this Act,
3 but shall apply beginning on October 1, 2004. The provi-
4 sions of section 205(f) of the National Housing Act, as
5 in effect immediately before the date of the enactment of
6 this Act, shall continue to apply during the period begin-
7 ning on such date of enactment and ending at the end
8 of September 30, 2003.

9 (c) REGULATIONS.—Not later than 120 days after
10 the date of the enactment of this Act, the Secretary of
11 Housing and Urban Development, the Director of the
12 Congressional Budget Office, and the Director of the Of-
13 fice of Management and Budget shall issue the regulations
14 required under section 205(f)(3) of the National Housing
15 Act (as amended by this section) establishing the formula
16 for determining the minimum risk-based capital ratio.

17 **SEC. 227. HYBRID ADJUSTABLE RATE MORTGAGES.**

18 Section 251(d)(1)(C) of the National Housing Act
19 (12 U.S.C. 1715z–16(d)(1)(C)) is amended by striking
20 “five or fewer years” and inserting “three or fewer years”.

21 **SEC. 228. UNIFORM NATIONAL LOAN LIMIT FOR HOME EQ-
22 UITY CONVERSION MORTGAGES.**

23 Section 255(g) of the National Housing Act (12
24 U.S.C. 1715z–20(g)) is amended by striking “1-family
25 residences in the area in which the dwelling subject to the

1 mortgage under this section is located” and inserting “a
2 1-family residence”.

3 **SEC. 229. PROHIBITION OF INVESTOR AND NONPROFIT**
4 **OWNERS UNDER REHABILITATION LOAN**
5 **PROGRAM.**

6 Section 203(g)(2) of the National Housing Act (12
7 U.S.C. 1709(g)(2)) is amended—

8 (1) by striking subparagraph (E);

9 (2) in subparagraph (D), by inserting “or”
10 after the semicolon; and

11 (3) by redesignating subparagraph (F) as sub-
12 paragraph (E).

13 **SEC. 230. REHABILITATION LOAN ADVANCES.**

14 Section 203(k)(3) of the National Housing Act (12
15 U.S.C. 1709(k)(3)) is amended—

16 (1) by redesignating subparagraphs (C) and
17 (D) as subparagraphs (D) and (E), respectively; and

18 (2) by inserting after subparagraph (B) the fol-
19 lowing new paragraph:

20 “(C) involve a loan agreement containing such
21 terms and conditions as the Secretary shall provide,
22 including terms and conditions that provide that the
23 mortgagee shall be responsible for choosing an in-
24 spector or consultant who shall be an agent of the

1 mortgagee and shall be responsible for approving ad-
2 vances under the loan;”.

3 **SEC. 231. NONPROFIT PURCHASERS UNDER PROPERTY DIS-**
4 **POSITION.**

5 (a) IN GENERAL.—Section 204(g) of the National
6 Housing Act (12 U.S.C. 1710(g)) is amended—

7 (1) by inserting “(1)” after “(g)”; and

8 (2) by adding at the end the following new paragraph:

9 “(2) The Secretary shall require, as a condition of
10 eligibility of any nonprofit organization for participation
11 in any program of the Secretary for disposition of 1- to
12 4-family properties acquired by the Secretary pursuant to
13 this Act, the Secretary shall require that such
14 organization—

15 “(A) has nonprofit status as demonstrated by
16 approval under section 501(c)(3) of the Internal
17 Revenue Code of 1986 (26 U.S.C. 501(c)(3)) or
18 demonstrates that an application for such status is
19 currently pending approval; and

20 “(B) provide the Secretary with a copy of the
21 application for such status;

22 “(C) certify, on an annual basis, that the orga-
23 nization has been apprised of the applicable rules
24 and guidelines of the Department of Housing and

1 Urban Development and understands such rules and
2 guidelines; and

3 “(D) comply with such other requirements as
4 the Secretary may establish.”.

5 (b) ASSETS IN REVITALIZATION AREAS.—Section
6 204(h)(8)(D) (12 U.S.C. 1710(h)(8)(D)) is amended—

7 (1) by striking clause (ii) and inserting the fol-
8 lowing new clause:

9 “(ii)(I) has nonprofit status as dem-
10 onstrated by approval under section
11 501(c)(3) of the Internal Revenue Code of
12 1986 (26 U.S.C. 501(c)(3)) or dem-
13 onstrates that an application for such sta-
14 tus is currently pending approval; and

15 “(II) provides the Secretary with a
16 copy of the application for such status;”;

17 (2) in clause (iii), by striking the period at the
18 end and inserting “; and”; and

19 (3) by adding at the end the following new
20 clause:

21 “(iv) certifies, on an annual basis,
22 that the organization has been apprised of
23 the applicable rules and guidelines of the
24 Department of Housing and Urban Devel-

1 opment and understands such rules and
2 guidelines.”.

3 **SEC. 232. EXTENSION OF HOLDING PERIOD.**

4 (a) IN GENERAL.—Section 912(1) of the Housing
5 and Urban Development Act of 1970 (12 U.S.C. 1709–
6 2(1)) is amended by striking “one year” and inserting “18
7 months”.

8 (b) APPLICABILITY.—The amendment made by sub-
9 section (a) shall apply only to defaults described in section
10 912(1) of the Housing and Urban Development Act of
11 1970 that occur after the date of the enactment of this
12 Act.

13 **SEC. 233. FRAUD IN LOAN AND CREDIT APPLICATIONS.**

14 Section 1014 of title 18, United States Code, is
15 amended by inserting “the Department of Housing and
16 Urban Development,” after “the Rural Development Ad-
17 ministration or successor agency, ”.

18 **TITLE III—SUPPORTIVE HOUS-**
19 **ING FOR ELDERLY AND DIS-**
20 **ABLED FAMILIES**

21 **SEC. 301. MODERNIZATION DEMONSTRATION FOR SECTION**
22 **236 ELDERLY PROJECTS.**

23 (a) IN GENERAL.—The Secretary of Housing and
24 Urban Development (in this section referred to as the
25 “Secretary”) shall carry out a program to demonstrate the

1 effectiveness of providing financial assistance for projects
2 for the elderly that are assisted under section 236 of the
3 National Housing Act for meeting the modernization
4 needs of such projects.

5 (b) ELIGIBLE PROJECTS.—Assistance provided
6 under the demonstration program under this section may
7 be provided only for a project that—

8 (1)(A) is assisted, insured, or held by the Sec-
9 retary or a State or State agency under section 236
10 of the National Housing Act (12 U.S.C. 1715z-1);
11 or

12 (B) is held by the Secretary and formerly in-
13 sured under the program referred to in paragraph
14 (1); and

15 (2) is reserved primarily for occupancy by elder-
16 ly or handicapped families.

17 (c) USE OF ASSISTANCE.—Assistance provided under
18 the demonstration program under this section may be
19 used only for repair, rehabilitation, and modernization
20 needs of eligible projects under subsection (b), including—

21 (1) improvements necessary to comply with
22 health and safety codes;

23 (2) improvements necessary to comply with the
24 Fair Housing Act (42 U.S.C. 3601 et seq.); and

1 (3) such other activities as the Secretary con-
2 siders appropriate.

3 (d) APPLICATIONS AND SELECTION CRITERIA.—The
4 Secretary shall provide for owners of eligible projects
5 under subsection (b) to submit applications for assistance
6 under the demonstration program under this section. The
7 Secretary shall select applications for such assistance
8 based upon need for such assistance, as determined ac-
9 cording to selection criteria, which the Secretary shall es-
10 tablish.

11 (e) FUNDING.—Any amounts made available for a
12 fiscal year for grants under section 202b of the Housing
13 Act of 1959 (12 U.S.C. 1701q–2) that remain unobligated
14 as of September 30, 2002, shall be available for assistance
15 under the demonstration program under this section.

16 (f) TERMINATION.—No assistance may be provided
17 under this section after September 30, 2005.

18 **SEC. 302. SERVICE COORDINATORS FOR SUPPORTIVE**
19 **HOUSING FOR PERSONS WITH DISABILITIES.**

20 Section 683(2) of the Housing and Community De-
21 velopment Act of 1992 (42 U.S.C. 13641(2)) is
22 amended—

23 (1) in subparagraph (F), by striking “and” at
24 the end;

1 (2) in subparagraph (G), by striking the period
2 at the end and inserting “; and”; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(H) “housing that is assisted under sec-
6 tion 811 of the Cranston-Gonzalez National Af-
7 fordable Housing Act (42 U.S.C. 8013).”.

8 **SEC. 303. ELIGIBILITY OF RELIGIOUS ORGANIZATIONS AS**
9 **PROJECT OWNERS.**

10 (a) SUPPORTIVE HOUSING FOR THE ELDERLY.—Sec-
11 tion 202 of the Housing Act of 1959 (12 U.S.C. 1701q)
12 is amended—

13 (1) in subsection (f), by inserting after and
14 below paragraph (7) the following:

15 “The selection criteria used by the Secretary shall specifi-
16 cally provide that religious organizations and organiza-
17 tions having religious purposes that qualify under sub-
18 section (k)(4) as private nonprofit organizations, may own
19 projects assisted under this section.”;

20 (2) in subsection (j), by adding at the end the
21 following new paragraph:

22 “(9) ELIGIBILITY OF RELIGIOUS ORGANIZA-
23 TIONS AS PROJECT OWNERS.—The Secretary may
24 not prohibit religious organizations or organizations
25 having religious purposes that, under subsection

1 (k)(4) qualify as private nonprofit organizations,
2 from owning projects assisted under this section be-
3 cause of their status as such religious organiza-
4 tions.”; and

5 (3) in subsection (k)(4), by inserting after the
6 period at the end the following: “Such term also in-
7 cludes a religious organization or an organization
8 having religious purposes, that meets the require-
9 ments of this paragraph, not including subparagraph
10 (B)(i).”.

11 (b) SUPPORTIVE HOUSING FOR PERSONS WITH DIS-
12 ABILITIES.—Section 811 of the Cranston-Gonzalez Na-
13 tional Affordable Housing Act (42 U.S.C. 8013) is
14 amended—

15 (1) in subsection (f), by inserting after and
16 below paragraph (7) the following:

17 “The selection criteria used by the Secretary shall specifi-
18 cally provide that religious organizations and organiza-
19 tions having religious purposes, that qualify under sub-
20 section (k)(6) as private nonprofit organizations may own
21 projects assisted under this section.”;

22 (2) in subsection (j), by adding at the end the
23 following new paragraph:

24 “(8) ELIGIBILITY OF RELIGIOUS ORGANIZA-
25 TIONS AS PROJECT OWNERS.—The Secretary may

1 not prohibit religious organizations or organizations
2 having religious purposes that, under subsection
3 (k)(6) qualify as private nonprofit organizations,
4 from owning projects assisted under this section be-
5 cause of their status as such religious organiza-
6 tions.”; and

7 (3) in subsection (k)(6), by inserting after and
8 below subparagraph (D) the following:

9 “Such term includes a religious organization or an
10 organization having religious purposes, that meets
11 the requirements of this paragraph, not including
12 subparagraph (C).”.

13 **TITLE IV—SECTION 8 RENTAL**
14 **HOUSING ASSISTANCE PRO-**
15 **GRAM**

16 **SEC. 401. THRIFTY PRODUCTION VOUCHERS.**

17 Section 8(o) of the United States Housing Act of
18 1937 (42 U.S.C. 1437f(o)) is amended by adding at the
19 end the following new paragraph:

20 “(19) THRIFTY PRODUCTION VOUCHERS.—

21 “(A) IN GENERAL.—For the purpose of
22 encouraging the production of housing afford-
23 able to extremely low-income families, a public
24 housing agency may use amounts provided
25 under an annual contributions contract under

1 this subsection to enter into a housing assist-
2 ance payment contract for thrifty production
3 voucher assistance that is attached to a struc-
4 ture and complies with the requirements under
5 this paragraph.

6 “(B) PROJECT-BASED ASSISTANCE.—A
7 housing assistance payment contract under this
8 paragraph shall be subject to the same limita-
9 tions and requirements that such a contract
10 under paragraph (13) is subject to under sub-
11 paragraphs (A) through (K) of such paragraph,
12 except for subparagraphs (H) and (I) of such
13 paragraph and except as otherwise specified in
14 this paragraph.

15 “(C) USE FOR NEW PRODUCTION AND
16 SUBSTANTIAL REHABILITATION ONLY.—Assist-
17 ance under this paragraph may only be at-
18 tached to a structure that is newly constructed
19 or a unit that is substantially rehabilitated.

20 “(D) LOCATION.—Subject to other re-
21 quirements under applicable laws, a public
22 housing agency may attach assistance under
23 this paragraph to—

24 “(i) a structure located outside of a
25 qualified census tract (as such term is de-

1 fined in section 42(d) of the Internal Rev-
2 enue Code of 1986 (26 U.S.C. 42(d)); or

3 “(ii) a structure located in a qualified
4 census tract (as such term is defined in
5 such section 42(d)), but only if the agency
6 determines that the contract is consistent
7 with the goal of deconcentrating poverty
8 and expanding housing and economic op-
9 portunities or revitalizing a low-income
10 community, or will prevent the displace-
11 ment of extremely low-income families.

12 “(E) CIVIL RIGHTS AND FAIR HOUSING
13 REQUIREMENTS.—Regardless of location, if the
14 dwelling units proposed to be provided assist-
15 ance under this paragraph are assisted with a
16 grant or loan under a Federal program pursu-
17 ant to which the Secretary (or a designee of the
18 Secretary) has determined, in accordance with
19 the regulations of the Secretary, that the site
20 location meets applicable civil rights and fair
21 housing requirements, the Secretary shall con-
22 sider the attachment of assistance under this
23 paragraph to the structure to comply with all
24 applicable civil rights and fair housing require-
25 ments.

1 “(F) INCOME MIXING.—Subparagraph (D)
2 of paragraph (13) shall apply to a property lo-
3 cated outside of a qualified census tract (as
4 such term is defined in section 42(d) of the In-
5 ternal Revenue Code of 1986. If a property is
6 located in a qualified census tract (as such term
7 is defined in such section 42(d)), no more than
8 25 percent of the dwelling units in the property
9 may be assisted under this paragraph unless all
10 the dwelling units so assisted are specifically
11 made available only for households comprised of
12 elderly families or disabled families or are in
13 single family properties.

14 “(G) CONTRACT TERM AND EXTEN-
15 SIONS.—A housing assistance payment contract
16 pursuant to this paragraph between a public
17 housing agency and the owner of a structure
18 may have an initial term of up to 15 years, and
19 shall require the owner and any successors in
20 interest of the owner to accept any offered ex-
21 tension for up to a total of 40 years, subject to
22 the same conditions specified in subparagraphs
23 (F) and (G) of paragraph (13) with respect to
24 contracts under such paragraph.

25 “(H) RENT CALCULATION.—

1 “(i) IN GENERAL.—In the case of a
2 housing assistance payment contract pur-
3 suant to this paragraph for a property in
4 which not more than 25 percent of the
5 dwelling units are assisted under this sec-
6 tion, the contract shall establish the gross
7 rent for each dwelling unit assisted in an
8 amount equal to the sum of (I) the per
9 unit operating cost for the property, and
10 (ii) any applicable utility allowances of the
11 public housing agency for tenant-paid utili-
12 ties.

13 “(ii) PER UNIT OPERATING COST.—
14 For purposes of this subparagraph, the op-
15 erating cost for a dwelling unit shall be the
16 unit’s allocable share of the ordinary and
17 customary expenses incurred to operate the
18 property, include applicable owner-paid
19 utilities, contributions to replacement re-
20 serve, asset management fee, and a modest
21 cash flow allowance equal to 15 percent of
22 all other allocable operating costs. A public
23 housing agency shall require an owner to
24 demonstrate that the unit operating cost
25 for units assisted under this paragraph

1 does not exceed the operating cost of other
2 units in the property of similar size that
3 are not assisted under paragraph (13) and
4 shall establish policies to ensure that ex-
5 penses included in unit operating cost that
6 are paid to the owner or a related entity
7 are reasonable and consistent with pre-
8 vailing costs in the community. The agency
9 shall be responsible for determining wheth-
10 er an owner has sufficiently demonstrated
11 such unit operating cost.

12 “(iii) ANNUAL ADJUSTMENT.—The
13 public housing agency shall annually make
14 an appropriate adjustment in contract
15 rents, based on documented changes in
16 unit operating costs.

17 “(iv) LIMITATIONS.—A public housing
18 agency shall not approve a rent for a
19 dwelling unit assisted under this paragraph
20 that exceeds 75 percent of the agency’s
21 payment standard for a dwelling unit of
22 the same size or the applicable fair market
23 rental, whichever is higher. The Secretary
24 may approve a higher cap if the permitted
25 maximum rent could not otherwise support

1 the reasonable operating cost of rental
2 housing.

3 “(v) OTHER PROPERTIES.—For prop-
4 erties in which 25 percent or more of the
5 dwelling units are assisted under this para-
6 graph, the rent shall be determined based
7 on a formula to be established by the Sec-
8 retary.

9 “(I) TENANT SELECTION.—The provisions
10 of subparagraph (J) of paragraph (13) applica-
11 ble to housing assisted under such paragraph
12 shall apply to a property assisted under this
13 paragraph, except as follows:

14 “(i) EXTREMELY LOW-INCOME OCCU-
15 PANCY.—Tenants must qualify as ex-
16 tremely low-income families at the time of
17 commencement of occupancy of dwelling
18 units assisted under this paragraph.

19 “(ii) SEPARATE PHA WAITING
20 LISTS.—A public housing agency may
21 maintain a separate waiting list for assist-
22 ance under this paragraph (or for each
23 property assisted under this paragraph, if
24 the agency provides such assistance to

1 more than one property) subject to the fol-
2 lowing:

3 “(I) An agency that provides no-
4 tice of the opening of the waiting list
5 in the same manner required by the
6 Secretary for the provision of notice of
7 the opening of the waiting list for ten-
8 ant-based assistance under this sub-
9 section need not provide individual no-
10 tice to families on the agency’s ten-
11 ant-based waiting list of the oppor-
12 tunity to be placed on the waiting list
13 for a dwelling unit assisted under this
14 paragraph. Among families applying
15 at the equivalent time and date with
16 otherwise equivalent preference under
17 the public housing agency plan for the
18 agency approved under section 5A,
19 the agency shall give preference for
20 occupancy in dwelling units assisted
21 under this paragraph to families on
22 its tenant-based waiting list.

23 “(II) Each agency shall notify ex-
24 tremely low-income families requesting
25 to apply for tenant-based assistance of

1 the opportunity to be listed on any
2 separate waiting lists for dwelling
3 units assisted under this paragraph.

4 “(iii) OWNER WAITING LISTS.—

5 “(I) A public housing agency
6 may, at the option of the agency,
7 allow an owner of a property assisted
8 under a contract under this paragraph
9 to maintain the waiting list for such
10 assisted units. The owner’s waiting
11 list shall be considered to be a waiting
12 list maintained by the agency under
13 this subsection for purposes of re-
14 quirements applicable to the agency’s
15 waiting list.

16 “(II) Any family denied a dwell-
17 ing unit by an owner that maintains
18 the waiting list for units assisted
19 under this paragraph shall have the
20 same rights to informal review by the
21 agency as a family denied tenant-
22 based assistance by the agency. The
23 agency shall perform such review ex-
24 peditiously so as not to impede the
25 timely rental of units. The owner’s

1 waiting list policy and any applicable
2 preferences or selection criteria shall
3 be included in the public housing
4 agency plan for the agency approved
5 under section 5A.

6 “(III) Each agency shall notify
7 extremely low-income families request-
8 ing to apply for tenant-based assist-
9 ance of the opportunity to be listed on
10 the owner’s waiting list, shall establish
11 a mechanism to transmit applications
12 submitted at its office to the owner
13 for placement on the waiting list, and
14 shall monitor at reasonable intervals
15 the compliance by the owner with laws
16 applicable to tenant selection and
17 waiting lists, including civil rights
18 laws and certifications required under
19 such laws.

20 “(IV) The agency’s contract with
21 the owner shall require the owner
22 to—

23 “(aa) provide notice of the
24 opening of the waiting list and
25 provide preference to families on

1 the agency’s tenant-based waiting
2 list in the same manner required
3 of the agency if the agency main-
4 tained the waiting list (unless the
5 agency agrees to provide such no-
6 tice for the owner);

7 “(bb) place on its waiting
8 list families that apply at an of-
9 fice of the agency that accepts
10 applications for tenant-based as-
11 sistance;

12 “(cc) cooperate with the
13 agency’s requests for information
14 concerning the waiting list and
15 the owner’s tenant selection deci-
16 sions; and

17 “(dd) submit to the agency
18 for approval written tenant selec-
19 tion policies and criteria and
20 make the policies and criteria
21 available to the public.

22 “(J) USE OF ASSISTANCE IN CONJUNCTION
23 WITH PUBLIC HOUSING CAPITAL FUNDS.—Not-
24 withstanding any other provision of this Act, a
25 public housing agency may attach assistance

1 under this paragraph to a unit that receives
2 amounts allocated to the agency under the Cap-
3 ital Fund established by section 9(d) or under
4 section 24. Any such unit receiving assistance
5 under this paragraph shall not be eligible for
6 assistance under the Operating Fund estab-
7 lished by section 9(e).

8 “(K) RENEWAL OF ASSISTANCE.—The
9 Secretary shall increase the adjusted allocation
10 baseline for renewal of funding under sub-
11 section (d) for public housing agencies that at-
12 tach assistance to a structure under this para-
13 graph. The increase shall equal the number of
14 additional families that an agency can assist as
15 a result of the reduced payments permitted
16 under this paragraph.

17 “(L) ALLOCATION OF INCREMENTAL AS-
18 SISTANCE FOR USE UNDER THIS SUBPARA-
19 GRAPH.—

20 “(i) USE OF HOME INVESTMENT
21 PARTNERSHIPS PROGRAM FORMULA.—In-
22 cremental assistance appropriated for use
23 under this paragraph shall be allocated in
24 accordance with the formula established by
25 the Secretary under section 217(b) of the

1 Cranston-Gonzalez National Affordable
2 Housing Act (42 U.S.C. 12747), and shall
3 not be subject to allocation under section
4 213(d) of the Housing and Community
5 Development Act of 1974 (42 U.S.C.
6 1439).

7 “(ii) QUALIFIED PUBLIC HOUSING
8 AGENCIES.—Subject to the allocation as
9 provided in clause (i) and any additional
10 criteria that the Secretary may establish,
11 the Secretary shall award such incremental
12 assistance only to public housing agencies
13 that administer a program of tenant-based
14 assistance under this subsection and that
15 administer funds for the construction or
16 substantial rehabilitation of rental housing
17 other than public housing. A public hous-
18 ing agency may qualify to receive incre-
19 mental assistance for use under this para-
20 graph if the agency has an agreement with
21 an agency that administers funds for the
22 construction or substantial rehabilitation of
23 rental housing that will enable a prospec-
24 tive developer of such housing to submit a
25 single application for both types of funds.

1 “(iii) TREATMENT OF PERCENTAGE
2 LIMITATION.—Incremental assistance re-
3 stricted for use under this paragraph shall
4 not be considered in determining an agen-
5 cy’s compliance with the limitation in sub-
6 paragraph (B) of paragraph (13).

7 “(iv) INSUFFICIENT FUNDS FOR FOR-
8 MULA ALLOCATION.—If the Secretary de-
9 termines that the amounts appropriated
10 for incremental assistance for use under
11 this paragraph are not sufficient to allo-
12 cate to each State or to each eligible juris-
13 diction in accordance with the formula re-
14 ferred to in clause (i), the Secretary may
15 award such funds to qualified public hous-
16 ing agencies through a national competi-
17 tion.

18 “(M) DEFINITIONS.—For purposes of this
19 paragraph, the following definitions shall apply:

20 “(i) EXTREMELY LOW-INCOME FAMI-
21 LIES.—The term ‘extremely low-income
22 families’ means families (as such term is
23 defined in section 3(b)) whose incomes do
24 not exceed the higher of—

1 “(I) 30 percent of the area me-
2 dian income, as determined by the
3 Secretary with adjustments for small-
4 er and larger families and for unusu-
5 ally high or low family incomes; or

6 “(II) 30 percent of the national
7 non-metropolitan median income.

8 “(ii) SUBSTANTIAL REHABILITA-
9 TION.—The term ‘substantial rehabilita-
10 tion’ means rehabilitation expenditures
11 paid or incurred with respect to a dwelling
12 unit, including its prorated share of work
13 on common areas or systems, of \$25,000
14 or more. The Secretary shall increase the
15 dollar amount under this clause annually
16 to reflect inflation, and shall cause notice
17 of any such increase to be published in the
18 Federal Register.”.

19 **SEC. 402. MONTHLY RENTAL AMOUNT.**

20 Section 8(o)(3) of the United States Housing Act of
21 1937 (42 U.S.C. 1437f(o)(3)) is amended by striking
22 “monthly adjusted income of the family” and inserting
23 “gross income of the family without reduction for exclu-
24 sion or deductions”.

1 **SEC. 403. FLEXIBILITY TO ASSIST HARD-TO-HOUSE FAMI-**
2 **LIES.**

3 Section 8(o) of the United States Housing Act of
4 1937 (42 U.S.C. 1437f(o)) is amended by adding at the
5 end the following new paragraph:

6 “(19) FLEXIBILITY TO ASSIST HARD-TO-HOUSE
7 FAMILIES.—In any program year, a public housing
8 agency that is not designated as troubled pursuant
9 to the section 8 management assessment program,
10 or under such other program as may be used by the
11 Secretary to evaluate performance of public housing
12 agencies in administering rental assistance under
13 this section, may use up to 5 percent of any
14 amounts allocated to the agency for such year for
15 purposes that directly support the agency’s housing
16 choice voucher program, including housing coun-
17 seling, downpayment assistance under subsection
18 (y), rental security deposits for families receiving
19 voucher assistance, and other activities that assist
20 eligible families in gaining and maintaining occu-
21 pancy in suitable dwelling units.”.

22 **SEC. 404. PROHIBITION ON RE-SCREENING OF TENANTS.**

23 Section 8(t)(1) of the United States Housing Act of
24 1937 (42 U.S.C. 1437f(t)(1)) is amended—

25 (1) in subparagraph (C), by striking “and” at
26 the end;

1 (2) in subparagraph (D), by striking the period
2 at the end and inserting “; and”; and

3 (3) by adding at the end the following new sub-
4 paragraph:

5 “(E) a family may not be required, as a
6 condition of receiving such assistance, to re-
7 qualify under the selection standards of a public
8 housing agency.”.

9 **SEC. 405. PHA ADMINISTRATIVE FEES.**

10 Section 8(q) of the United States Housing Act of
11 1937 (42 U.S.C. 1437f(q)) is amended—

12 (1) by redesignating paragraph (4) as para-
13 graph (5); and

14 (2) by inserting after paragraph (3) the fol-
15 lowing new paragraph:

16 “(4) PERFORMANCE INCENTIVE.—For fiscal
17 year 2003 and fiscal years thereafter, the Secretary
18 may pay an additional fee to any public housing
19 agency that succeeds in achieving high or substan-
20 tially improved performance on specified program re-
21 quirements or program goals, as established under
22 the management assessment program for the rental
23 assistance program under this section, or any suc-
24 cessor assessment program for such assistance, or
25 by regulation issued by the Secretary after notice

1 and opportunity for public comment pursuant to the
2 provisions of section 553 of title 5, United States
3 Code (notwithstanding subsections (a)(2), (b)(B),
4 and (d)(3) of such section). The Secretary shall es-
5 tablish limitations on the total amount of any such
6 additional fees paid to agencies for a fiscal year and
7 on the amount of any such fee paid to any single
8 agency for a fiscal year.”.

9 **SEC. 406. ENSURING ABILITY TO USE ENHANCED VOUCH-**
10 **ERS.**

11 (a) IN GENERAL.—Section 8(t) of the United States
12 Housing Act of 1937 (42 U.S.C. 1437f(t)) is amended—

13 (1) by redesignating paragraph (4) as para-
14 graph (5); and

15 (2) by inserting after paragraph (3) the fol-
16 lowing new paragraph:

17 “(4) RIGHT TO USE.—The owner of a multi-
18 family housing project for which an eligibility event
19 (as such term is defined in paragraph (2)) has oc-
20 curred may not refuse—

21 “(A) to lease, to a family who is residing
22 in project upon the occurrence of such eligibility
23 event and who is provided enhanced voucher as-
24 sistance under this subsection (including such
25 assistance provided under the authorities speci-

1 fied in paragraph (3)(B)), any available dwell-
2 ing unit in the project a proximate cause of
3 which is the status of such family as a recipient
4 of such assistance; or

5 “(B) to enter into a housing assistance
6 payments contract for such a unit.”.

7 (b) TREATMENT OF OVERHOUSED ASSISTED FAMI-
8 LIES.—Paragraph (6) of section 8(o) of the United States
9 Housing Act of 1937 (42 U.S.C. 1437f(o)(6)) is amended
10 by adding at the end the following new subparagraph:

11 “(D) RESIDENCY IN INAPPROPRIATELY
12 SIZED UNITS.—

13 “(i) IN GENERAL.—If a public hous-
14 ing agency determines that a family as-
15 sisted under this subsection is residing in
16 a dwelling unit that, because of a reduction
17 in family size after such assistance was ini-
18 tially provided for such family, has more
19 bedrooms than is appropriate for a family
20 of such size, the agency may not terminate
21 the assistance for the family or require the
22 family to move to another dwelling unit
23 unless—

24 “(I) the agency provides the fam-
25 ily with a dwelling unit that is located

1 in the same building or project as the
2 inappropriately sized dwelling unit
3 and is available for occupancy; or

4 “(II) in the case of a family re-
5 siding in a dwelling unit in a building
6 or project that does not contain any
7 available dwelling unit having a num-
8 ber of bedrooms that is appropriate
9 for size of such family, the agency
10 provides the family with a dwelling
11 unit that is located within the same
12 neighborhood as the building con-
13 taining the inappropriately sized
14 dwelling unit.

15 “(ii) DETERMINATION OF NEIGHBOR-
16 HOOD.—For purposes of clause (i)(II), the
17 term ‘neighborhood’ means the immediate
18 geographic area in which a building is lo-
19 cated, which—

20 “(I) is characterized by all loca-
21 tions within the area having a similar
22 proximity to major roadways, mass
23 transit facilities, and other means of
24 transportation, schools, child care fa-
25 cilities, workplace centers, and grocery

1 stores and other retail and commercial
2 facilities; and

3 “(II) shall be determined by the
4 public housing agency involved, in
5 consultation with the appropriate resi-
6 dent advisory board established pursu-
7 ant to section 5A(e).

8 “(iii) TREATMENT OF STUDENTS.—
9 For purposes of clause (i), the absence of
10 a child or adult from a dwelling because of
11 temporary residence in another location for
12 the purpose of attending school on a full-
13 or part-time basis shall not be considered
14 in determining family size.”.

15 **SEC. 407. EXTENSION OF MANUFACTURED HOUSING DEM-**
16 **ONSTRATION PROGRAM.**

17 Section 557 of the Quality Housing and Work Re-
18 sponsibility Act of 1998 (Public Law 105–276; 112 Stat.
19 2613) is amended—

20 (1) in subsection (a), by striking “1999, 2000,
21 and 2001” and inserting “2002, 2003, and 2004”;
22 and

23 (2) in subsection (c)—

24 (A) by striking “REPORT” and inserting
25 “REPORTS”;

1 (B) by striking “a report” and inserting
 2 “an interim report”;

3 (C) by striking “and evaluating” and in-
 4 serting “the implementation and operation of”;
 5 and

6 (D) by adding at the end the following new
 7 sentence: “Not later than March 31, 2005, the
 8 Secretary shall submit a report to the Congress
 9 describing and evaluating the demonstration
 10 program under this section.”.

11 **SEC. 408. EXTENSION OF PROJECT-BASED SECTION 8 CON-**
 12 **TRACT RENEWALS.**

13 (a) RENEWAL OF EXPIRING PROJECT-BASED SEC-
 14 TION 8 CONTRACTS.—Section 524 of the Multifamily As-
 15 sisted Housing Reform and Affordability Act of 1997 (42
 16 U.S.C. 1437f note) is amended—

17 (1) in subsection (a)(4)(A)(iv)—

18 (A) in subclause (I), by inserting “or”
 19 after the semicolon;

20 (B) by striking subclause (II); and

21 (C) by redesignating subclause (III) as
 22 subclause (II); and

23 (2) by striking paragraph (3) of subsection (b).

24 (b) ADJUSTMENTS FOR COVERED PROJECTS.—

1 (1) RENT DETERMINATION AT INITIAL RE-
2 NEWAL AFTER ENACTMENT.—Upon the first request
3 for renewal of project-based assistance pursuant to
4 section 524 after the date of enactment of this Act
5 by an owner of a covered housing project—

6 (A) the rent levels at which assistance will
7 be provided pursuant to such renewal will be
8 determined as if such renewal were the initial
9 renewal of a contract for assistance under sec-
10 tion 524, as amended by subsection (a) of this
11 section; and

12 (B) solely for purposes of determining the
13 rent levels at which assistance will be provided
14 pursuant to such first renewal after the date of
15 enactment of this Act, in the case of a project
16 for which contract rents were reduced on a
17 prior renewal of an expiring contract pursuant
18 to subsection (b)(3) of section 524, as in effect
19 on the day before the date of enactment of this
20 Act, the contract rent levels in effect imme-
21 diately prior to such first renewal after the date
22 of enactment of this Act shall be considered to
23 be the deemed rent levels described in para-
24 graph (3)(C).

1 (2) RENT ADJUSTMENTS AFTER INITIAL RE-
2 NEWAL AFTER ENACTMENT.—After the first renewal
3 of a contract for assistance of a covered project after
4 the date of enactment of this Act in accordance with
5 paragraph (1) of this subsection, the Secretary shall
6 adjust rents in accordance with section 524(c).

7 (3) DEFINITIONS.—In this subsection—

8 (A) references to “section 524” or any
9 subdivision thereof are references to section 524
10 of the Multifamily Assisted Housing Reform
11 and Affordability Act of 1997 (42 U.S.C. 1437f
12 note);

13 (B) the term “covered housing project”
14 means a project that receives project-based as-
15 sistance under section 8 of the United States
16 Housing Act of 1937 (42 U.S.C. 1437f) which
17 was renewed prior to the date of enactment of
18 this Act pursuant to subsection (b)(3) of sec-
19 tion 524, as in effect on the day before the date
20 of enactment of this Act;

21 (C) the term “deemed rent levels” means
22 the contract rent levels in effect immediately
23 prior to the first renewal of assistance pursuant
24 to subsection (b)(3) of section 524, as in effect
25 on the day before the date of enactment of this

1 Act, upon which contract rent levels were re-
 2 duced, as adjusted by the applicable operating
 3 cost adjustment factor established by the Sec-
 4 retary at the date of such renewal and at the
 5 date of any subsequent renewal pursuant to
 6 subsection (b)(3) of section 524 occurring be-
 7 fore the date of enactment of this Act; and

8 (D) the term “Secretary” means the Sec-
 9 retary of Housing and Urban Development.

10 **TITLE V—PUBLIC HOUSING**

11 **Subtitle A—General Provisions**

12 **SEC. 501. WAIVER OF RESIDENT COMMISSIONER REQUIRE-** 13 **MENT.**

14 Section 2(b) of the United States Housing Act of
 15 1937 (42 U.S.C. 1437(b)) is amended—

16 (1) in paragraph (1), by striking “paragraph
 17 (2)” and inserting “paragraphs (2) and (4)”; and

18 (2) by adding at the end the following new
 19 paragraph:

20 “(4) WAIVER.—If the Secretary determines
 21 that reasonable efforts have been made (whether or
 22 not successful) or are being made to take such legis-
 23 lative or regulatory action necessary to provide for
 24 implementation of paragraph (1), the Secretary may
 25 waive the applicability of such paragraph with re-

1 spect to all public housing agencies in such State
2 until such action has taken effect.”.

3 **SEC. 502. PHA JOINT VENTURES.**

4 Section 13(b) of the United States Housing Act of
5 1937 (42 U.S.C. 1437k(b)) is amended by adding at the
6 end the following new paragraph:

7 “(4) NON-FEDERAL FUNDS AND ACTIVITIES.—

8 This subsection shall not apply to any subsidiary,
9 joint venture, partnership, or business arrangement,
10 or any activity conducted by such an entity, that
11 does not involve holding or expending funds received
12 from the Federal Government or proceeds or income
13 derived from such funds.”.

14 **SEC. 503. THIRD-PARTY PUBLIC HOUSING ASSESSMENT**
15 **SYSTEM.**

16 (a) ESTABLISHMENT.—The Secretary of Housing
17 and Urban Development shall provide for the development
18 of a third-party assessment system for evaluating the per-
19 formance of public housing agencies, in accordance with
20 this section.

21 (b) PURPOSES.—The assessment system developed
22 under this section shall—

23 (1) provide an objective assessment of the over-
24 all performance of public housing agencies in all
25 major areas of management operations and in dis-

1 charging their obligations under the United States
2 Housing Act of 1937;

3 (2) identify quantifiable areas of the manage-
4 ment and financial condition of public housing agen-
5 cies; and

6 (3) determine the physical condition of public
7 housing dwelling units to ensure that they are main-
8 tained in accordance with the requirements pursuant
9 to the United States Housing Act of 1937.

10 (c) TESTING AND PROTOTYPE.—

11 (1) IN GENERAL.—Not later than 120 days
12 after the date of the enactment of this Act, to the
13 extent amounts are made available to carry out this
14 section, the Secretary of Housing and Urban Devel-
15 opment shall enter into a contract with a public enti-
16 ty or a private for-profit or nonprofit entity to de-
17 velop a system prototype for the third-party assess-
18 ment system required under this section and to test
19 such prototype. Such contract shall require such en-
20 tity to submit the prototype assessment system to
21 the Congress not later than the expiration of the 6-
22 month period beginning upon execution of the con-
23 tract and to complete such testing not later than the
24 expiration of the 12-month period beginning upon
25 execution of the contract.

1 (2) CONSULTATION.—In carrying out the test-
2 ing and prototype development under this sub-
3 section, the entity selected under this subsection
4 shall consult with individuals and organizations ex-
5 perienced in managing public housing and their rep-
6 resentatives, private real estate managers, represent-
7 atives from State and local governments, residents of
8 public housing, and the Secretary.

9 (d) REPORT.—Not later than the expiration of the
10 12-month period beginning upon execution of the contract
11 referred to in subsection (c)(1), the Secretary of Housing
12 and Urban Development shall submit to the Congress a
13 report describing the results and recommendations regard-
14 ing the testing of the prototype assessment system con-
15 ducted pursuant to this subsection, which shall include
16 any comments and recommendations of the persons and
17 entities consulted with pursuant to subsection (c)(2) and
18 any recommendations regarding the replacement of the
19 public housing management assessment system estab-
20 lished under section 6(j) of the United States Housing Act
21 of 1937 (42 U.S.C. 1437d(j)).

22 (e) RULE OF CONSTRUCTION.—This section may not
23 be construed to—

1 (1) provide for or require the implementation of
 2 the third-party assessment system developed pursu-
 3 ant to this section; or

4 (2) alter, affect, suspend, terminate, or delay
 5 the effectiveness or applicability of the public hous-
 6 ing assessment system under section 6(j) of the
 7 United States Housing Act of 1937 (42 U.S.C.
 8 1437d(j)) or any regulations issued, or to be issued,
 9 pursuant to such section.

10 **SEC. 504. PUBLIC HOUSING AGENCY PLANS FOR SMALL**
 11 **PUBLIC HOUSING AGENCIES.**

12 (a) IN GENERAL.—Section 5A(b) of the United
 13 States Housing Act of 1937 (42 U.S.C. 1437c–1(b)) is
 14 amended by adding at the end the following new para-
 15 graph:

16 “(3) SUSPENSION OF FILING REQUIREMENT
 17 FOR SMALL PHAS.—

18 “(A) IN GENERAL.—Notwithstanding para-
 19 graph (1) or any other provision of this Act—

20 “(i) the requirement under paragraph
 21 (1) shall not apply to any small public
 22 housing agency for fiscal years 2003,
 23 2004, or 2005; and

24 “(ii) any reference in this section or
 25 any other provision of law to a ‘public

1 housing agency’ shall not be considered to
2 refer to any small public housing agency
3 for such fiscal years, to the extent such
4 reference applies to the requirement to
5 submit a public housing agency plan under
6 subsection (b).

7 “(B) DEFINITION.—For purposes of this
8 paragraph, the term ‘small public housing agen-
9 cy’ means a public housing agency that—

10 “(i) administers 100 or fewer public
11 housing dwelling units; and

12 “(ii) is not designated pursuant to
13 section 6(j)(2) as a troubled public housing
14 agency.”.

15 (b) REPORT.—Not later than September 30, 2004,
16 the Comptroller General of the United States shall submit
17 a report to the Congress describing and analyzing the ad-
18 ministrative, financial, and other burdens to small public
19 housing agencies (as such term is defined in section
20 5A(b)(3) of the United States Housing Act of 1937, as
21 amended by subsection (a) of this section) of complying
22 with the requirements under section 5A(b)(1) of such Act.

1 **SEC. 505. DEVELOPMENT-BASED SUBSIDIES.**

2 (a) IN GENERAL.—Section 9 of the United States
3 Housing Act of 1937 (42 U.S.C. 1437g) is amended by
4 adding at the end the following new subsection:

5 “(o) DEVELOPMENT-BASED SUBSIDIES.—

6 “(1) IN GENERAL.—In order to facilitate the fi-
7 nancing of capital needs and development-based fi-
8 nancial management and accountability, the Sec-
9 retary may approve, on a project-by-project basis,
10 the conversion of a public housing project or a por-
11 tion of a public housing project to project-based
12 voucher assistance, which assistance may be on-site
13 or off-site: *Provided*, That the number of public
14 housing units converted under this subsection shall
15 be equal to the number of units receiving project-
16 based voucher assistance pursuant to this sub-
17 section, and that a commitment has first been ob-
18 tained from an approved lender for a mortgage loan
19 secured by the property to finance qualified nec-
20 essary capital improvements under terms established
21 by the Secretary.

22 “(2) FUNDING OF VOUCHERS.—The initial year
23 of any contract for project-based voucher assistance
24 under this subsection may be funded with amounts
25 made available in an appropriations Act under the
26 headings making amounts available for the purposes

1 set forth in subsections (d) or (e) of this section, or
2 with any other amounts appropriated for this pur-
3 pose. Any renewal of such contracts shall be funded
4 with amounts made available under the heading
5 making amounts available for the renewal of assist-
6 ance under section 8.

7 “(3) PROGRAM REQUIREMENTS.—Project-based
8 voucher assistance provided pursuant to this sub-
9 section shall be administered under section 8(o)(13),
10 except that—

11 “(A) subparagraphs (C)(ii) and (D) of
12 such section shall not apply;

13 “(B)(i) any units converted to project-
14 based voucher assistance under this subsection
15 shall be maintained as assisted housing and
16 provided project-based voucher assistance for
17 the same length of time as the housing would
18 have been required under subsection (d)(3) of
19 this section to be operated and maintained as
20 public housing absent such conversion, subject
21 to the availability of sufficient appropriated
22 funds for the purpose of renewing expiring con-
23 tracts for assistance payments, as provided in
24 appropriations Acts;

1 “(ii) notwithstanding clause (i), when
2 dwelling units which are receiving project-based
3 voucher assistance pursuant to a conversion
4 under this subsection and which are not located
5 in developments or portions of developments
6 which house only elderly persons or persons
7 with disabilities, or both, become vacant, the
8 public housing agency may rent up to one-third
9 of such units to unassisted families (except that
10 the Secretary may permit the agency under
11 such special local circumstances as are deter-
12 mined by the Secretary to rent more than one-
13 third of such units to unassisted families), and
14 for each unit so rented for the duration of such
15 rental may use the assistance otherwise associ-
16 ated with that unit to provide tenant-based
17 voucher assistance under section 8; and

18 “(iii)(I) notwithstanding clause (i), if the
19 Secretary determines that such action would
20 further the purposes of this subsection, the Sec-
21 retary may provide for termination of the re-
22 stricted use period set forth in clause (i) in the
23 event that any units converted to project-based
24 voucher assistance under this subsection are
25 foreclosed upon (or otherwise disposed of pursu-

1 ant to an instrument in lieu of foreclosure), on
2 the date the units are acquired by foreclosure
3 (or instrument in lieu of foreclosure), unless—

4 “(aa) the Secretary determines that
5 the foreclosure is part of an arrangement
6 the purpose of which is to terminate the
7 restricted use period; or

8 “(bb) a bona fide and reasonable con-
9 tract acceptable to the Secretary to pur-
10 chase such units is presented by a person
11 who is willing to continue such use restric-
12 tions; and

13 “(II) if the Secretary provides for termi-
14 nation of the restricted use period pursuant to
15 subclause (I), the Secretary shall provide en-
16 hanced voucher assistance under section 8(t) to
17 any family occupying an assisted unit at the
18 time of such termination;

19 “(C) any units converted to project-based
20 voucher assistance under this subsection shall
21 remain covered by and subject to the provisions
22 in the public housing cooperation agreement en-
23 tered into between the city and the public hous-
24 ing agency;

1 “(D) any units converted to project-based
2 voucher assistance under this subsection shall
3 not be included as tenant-based assistance that
4 is attached to a structure for the purposes of
5 the 20 percent limitation set forth in section
6 8(o)(13)(B);

7 “(E) the Secretary may set the rent level
8 for a unit converted to project-based voucher
9 assistance under this subsection at a level lower
10 than the level at which such rent would other-
11 wise be set pursuant to section 8(o)(13)(H),
12 provided such lower level is sufficient, in the de-
13 termination of the Secretary, to cover debt serv-
14 ice payments on obligations to finance the cost
15 of any necessary rehabilitation, contributions to
16 a capital reserve, amounts necessary for ade-
17 quate debt service coverage, the cost of the sub-
18 sequent operation of the housing as project-
19 based voucher assistance, and any other nec-
20 essary costs;

21 “(F) where units converted to project-
22 based voucher assistance under this subsection
23 are owned by the public housing agency or an
24 entity controlled by such agency, the Secretary
25 may administer or make alternative arrange-

1 ments to administer the obligations otherwise
2 required of the public housing agency under the
3 annual contributions contract; and

4 “(G) the Secretary may waive or make al-
5 ternative arrangements regarding any other
6 provision of law or regulation that the Secretary
7 finds to be inconsistent with accomplishing the
8 purposes of this subsection.

9 “(4) TREATMENT OF CONVERSION.—The con-
10 version of a public housing project to project-based
11 voucher assistance under this subsection shall not be
12 considered a disposition under section 18 of this Act
13 as long as the public housing agency or an entity
14 controlled by the agency retains ownership of the
15 project.

16 “(5) LOAN LOSS RESERVE ACCOUNT.—

17 “(A) ESTABLISHMENT.—The Secretary
18 may establish a common loan loss reserve ac-
19 count to which public housing agencies con-
20 verting public housing units to project-based
21 voucher assistance under this subsection may
22 contribute a percentage of amounts available
23 for such conversion, which percentage shall be
24 specified by the Secretary. The Secretary may
25 establish the terms and conditions applicable to

1 this loan loss reserve account and any contribu-
 2 tions to it, and may select an entity or entities
 3 on a competitive or noncompetitive basis to de-
 4 velop, maintain, and administer this account.

5 “(B) AVAILABILITY OF AMOUNTS.—
 6 Amounts contributed to the account established
 7 under this paragraph shall be available without
 8 fiscal year limitation to reimburse any mort-
 9 gagor that provides financing to a public hous-
 10 ing agency for necessary renovations to any
 11 project converted pursuant to this subsection if
 12 the public housing agency defaults on the re-
 13 payment of such debt.”.

14 (b) USE OF CAPITAL FUND AMOUNTS FOR CONVER-
 15 SION.—Section 9(d)(1) of the United States Housing Act
 16 of 1937 (42 U.S.C. 1437g(d)(1)) is amended—

17 (1) in subparagraph (I), by striking “and” at
 18 the end;

19 (2) in subparagraph (J), by striking the period
 20 and inserting “; and”; and

21 (3) by inserting at the end the following new
 22 subparagraph:

23 “(K) assistance in the financing for nec-
 24 essary renovations to, or other capital expenses
 25 for, any project receiving project-based voucher

1 assistance pursuant to subsection (o) of this
 2 section, including the making of upfront capital
 3 contributions to such projects where needed to
 4 make financing feasible and the purchase or
 5 provision of letters of credit or other credit en-
 6 hancements necessary to carry out such sub-
 7 section, contributions to a common loan loss re-
 8 serve account as established by subsection
 9 (o)(5) of this section, and any contributions
 10 that the Secretary may require for the initial
 11 administration of such subsection (o) with re-
 12 spect to such project.”.

13 **Subtitle B—HOPE VI**
 14 **Revitalization Program**

15 **SEC. 521. SELECTION CRITERIA.**

16 Section 24(e)(2) of the United States Housing Act
 17 of 1937 (42 U.S.C. 1437v(e)(2)) is amended—

18 (1) in subparagraph (B), by striking “large-
 19 scale redevelopment or modernization efforts” and
 20 inserting “redevelopment or modernization efforts
 21 that are large-scale in relation to the size of the
 22 agency”;

23 (2) in subparagraph (H), by striking “and” at
 24 the end;

1 (3) by redesignating subparagraph (I) as sub-
2 paragraph (J); and

3 (4) by inserting after subparagraph (H) the fol-
4 lowing new subparagraph:

5 “(I) the representativeness of the awards
6 with regard to agency size and geographic loca-
7 tion from year to year; and”.

8 **SEC. 522. AUTHORIZATION OF APPROPRIATIONS.**

9 Paragraph (1) of section 24(m) of the United States
10 Housing Act of 1937 (42 U.S.C. 1437v(m)(1)) is amended
11 to read as follows:

12 “(1) AUTHORIZATION OF APPROPRIATIONS.—
13 There are authorized to be appropriated for grants
14 under this section such sums as may be necessary
15 for each of fiscal years 2003 and 2004.”.

16 **SEC. 523. EXTENSION OF PROGRAM.**

17 Section 24(n) of the United States Housing Act of
18 1937 (42 U.S.C. 1437v(n)) is amended by striking “Sep-
19 tember 30, 2002” and inserting “September 30, 2004”.

20 **TITLE VI—HOMELESS HOUSING**
21 **PROGRAMS**

22 **SEC. 601. INTERAGENCY COUNCIL ON THE HOMELESS.**

23 Section 208 of the McKinney-Vento Homeless Assist-
24 ance Act (42 U.S.C. 11318) is amended to read as follows:

1 **“SEC. 208. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated to carry out
3 this title such sums as may be necessary for each of fiscal
4 years 2003 and 2004.”.

5 **SEC. 602. FEDERAL EMERGENCY MANAGEMENT AGENCY**
6 **FOOD AND SHELTER PROGRAM.**

7 Section 322 of the McKinney-Vento Homeless Assist-
8 ance Act (42 U.S.C. 11352) is amended to read as follows:

9 **“SEC. 322. AUTHORIZATION OF APPROPRIATIONS.**

10 “There are authorized to be appropriated to carry out
11 this title such sums as may be necessary for each of fiscal
12 years 2003 and 2004.”.

13 **SEC. 603. EMERGENCY SHELTER GRANTS PROGRAM.**

14 Section 417 of the McKinney-Vento Homeless Assist-
15 ance Act (42 U.S.C. 11377) is amended to read as follows:

16 **“SEC. 417. AUTHORIZATION OF APPROPRIATIONS.**

17 “There are authorized to be appropriated to carry out
18 this subtitle such sums as may be necessary for each of
19 fiscal years 2003 and 2004.”.

20 **SEC. 604. SUPPORTIVE HOUSING PROGRAM.**

21 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-
22 section (a) of section 429 of the McKinney-Vento Home-
23 less Assistance Act (42 U.S.C. 11389(a)) is amended to
24 read as follows:

25 “(a) AUTHORIZATION OF APPROPRIATIONS.—There
26 are authorized to be appropriated to carry out this subtitle

1 (not including activities funded pursuant to subsection (d)
2 of this section) such sums as may be necessary for each
3 of fiscal years 2003 and 2004.”.

4 (b) FUNDING OF RENEWALS THROUGH HOUSING
5 CERTIFICATE FUND.—Section 429 of the McKinney-
6 Vento Homeless Assistance Act (42 U.S.C. 11389) is
7 amended by adding at the end the following new sub-
8 section:

9 “(d) FUNDING OF RENEWALS.—

10 “(1) IN GENERAL.—For fiscal year 2003 and
11 fiscal years thereafter, assistance under this subtitle
12 may be funded using amounts appropriated for sec-
13 tion 8 of the United States Housing Act of 1937 (42
14 U.S.C. 1437f).

15 “(2) AUTHORIZATION OF APPROPRIATIONS.—In
16 addition to any amounts otherwise made available
17 for assistance under section 8 of the United States
18 Housing Act of 1937 (42 U.S.C. 1437f), there are
19 authorized to be appropriated such sums as may be
20 necessary for each of fiscal years 2003 and 2004 for
21 the renewal of contracts for permanent housing ac-
22 tivities under this subtitle. Any such renewals shall
23 be made only for a term of one year.”.

24 (c) SET-ASIDE.—Subtitle A of title IV of the McKin-
25 ney-Vento Homeless Assistance Act (42 U.S.C. 11361 et

1 seq.) is amended by adding at the end the following new
2 section:

3 **“SEC. 403. SET-ASIDE FOR PERMANENT HOUSING.**

4 “Notwithstanding any other provision of this title, of
5 the aggregate amount made available for assistance under
6 this title for any fiscal year, not less than 30 percent shall
7 be used only for permanent housing activities for homeless
8 persons. Amounts made available under section 429(d) or
9 463(c) for renewals of contracts for permanent housing
10 shall be disregarded for purposes of the preceding sen-
11 tence.”.

12 (d) ELIMINATION OF CAP ON CAPITAL EXPENSES.—
13 Section 423(a) of the McKinney-Vento Homeless Assist-
14 ance Act (42 U.S.C. 11383(a)) is amended—

15 (1) in the first sentence of paragraph (1)—

16 (A) by striking “, in an amount not to ex-
17 ceed \$200,000,”; and

18 (B) by striking “; except that” and all that
19 follows through “rehabilitation costs”; and

20 (2) in paragraph (2), by striking “, in an
21 amount not to exceed \$400,000,”.

1 **SEC. 605. SECTION 8 ASSISTANCE FOR SINGLE ROOM OCCU-**
2 **PANCY DWELLINGS.**

3 Subsection (a) of section 441 of the McKinney-Vento
4 Homeless Assistance Act (42 U.S.C. 11401(a)) is amend-
5 ed to read as follows:

6 “(a) INCREASE IN BUDGET AUTHORITY.—The budg-
7 et authority available under section 5(c) of the United
8 States Housing Act of 1937 for assistance under section
9 8(e)(2) of such Act (as in effect pursuant to section
10 289(b)(2) of the Cranston-Gonzalez National Affordable
11 Housing Act (42 U.S.C. 12839(b)(2)) is authorized to be
12 increased by such sums as may be necessary on or after
13 each of October 1, 2002, and October 1, 2003.”.

14 **SEC. 606. SHELTER PLUS CARE.**

15 (a) AUTHORIZATION OF APPROPRIATIONS.—The first
16 sentence of section 463(a) of the McKinney-Vento Home-
17 less Assistance Act (42 U.S.C. 11403h(a)) is amended to
18 read as follows: “For purposes of the housing programs
19 under this subtitle, there are authorized to be appro-
20 priated to carry out this subtitle (not including activities
21 funded pursuant to subsection (c) of this section) such
22 sums as may be necessary for each of fiscal years 2003
23 and 2004.”.

24 (b) FUNDING OF RENEWALS THROUGH HOUSING
25 CERTIFICATE FUND.—Section 463 of the McKinney-
26 Vento Homeless Assistance Act (42 U.S.C. 11403h) is

1 amended by adding at the end the following new sub-
2 section:

3 “(c) FUNDING OF RENEWALS.—

4 “(1) IN GENERAL.—For fiscal year 2003 and
5 fiscal years thereafter, assistance under this subtitle
6 may be funded using amounts appropriated for sec-
7 tion 8 of the United States Housing Act of 1937 (42
8 U.S.C. 1437f).

9 “(2) AUTHORIZATION OF APPROPRIATIONS.—In
10 addition to any amounts otherwise made available
11 for assistance under section 8 of the United States
12 Housing Act of 1937 (42 U.S.C. 1437f), there are
13 authorized to be appropriated such sums as may be
14 necessary for each of fiscal years 2003 and 2004 for
15 the renewal of contracts under this subtitle. Any
16 such renewals shall be made only for a term of one
17 year.”.

18 (c) CONDITIONS OF RENEWAL.—Section 456 of the
19 McKinney-Vento Homeless Assistance Act (42 U.S.C.
20 11403e) is amended—

21 (1) by inserting “(a) APPROVAL OF ASSIST-
22 ANCE.—” before “The Secretary”; and

23 (2) by adding at the end the following new sub-
24 section:

1 “(b) CONDITIONS OF RENEWAL.—The Secretary may
 2 not provide assistance under this subtitle for any housing
 3 previously assisted under this subtitle unless the unit of
 4 general local government in which such project is located
 5 certifies that the housing complies with such housing safe-
 6 ty and quality standards, as the Secretary shall establish
 7 and the Secretary reviews and approves such certifi-
 8 cation.”.

9 **SEC. 607. AMENDMENTS TO TABLE OF CONTENTS.**

10 The table of contents in section 101(b) of the McKin-
 11 ney-Vento Homeless Assistance Act (42 U.S.C. 11301
 12 note) is amended—

13 (1) by striking the item relating to subtitle A
 14 of title IV and inserting the following new item:

“Subtitle A—General Provisions”;

15 (2) by inserting after the item relating to sec-
 16 tion 401 the following new items:

“Sec. 402. Discharge coordination policy.

“Sec. 403. Set-aside for permanent housing.

“Sec. 404. Management information systems.”;

17 and

18 (3) by striking the item relating to section 443
 19 and inserting the following new item:

“Sec. 443. Environmental review.”.

1 **TITLE VII—NATIVE AMERICAN**
2 **HOUSING**

3 **SEC. 701. REAUTHORIZATION OF NATIVE AMERICAN HOUS-**
4 **ING AND SELF-DETERMINATION ACT OF 1996.**

5 (a) BLOCK GRANT ASSISTANCE.—Section 108 of the
6 Native American Housing and Self-Determination Act of
7 1996 (25 U.S.C. 4117) is amended to read as follows:

8 **“SEC. 108. AUTHORIZATION OF APPROPRIATIONS.**

9 “There are authorized to be appropriated for grants
10 under this title such sums as may be necessary for each
11 of fiscal years 2003, 2004, 2005, 2006, and 2007.”.

12 (b) GUARANTEES FOR TRIBAL HOUSING ACTIVITIES
13 LOANS.—

14 (1) AGGREGATE FISCAL YEAR LIMITATION.—
15 Section 605(a) of the Native American Housing and
16 Self-Determination Act of 1996 (25 U.S.C. 4195(a))
17 is amended by striking “1997, 1998, 1999, 2000,
18 and 2001” and inserting “2003, 2004, 2005, 2006,
19 and 2007.”.

20 (2) AUTHORIZATION OF APPROPRIATIONS FOR
21 CREDIT SUBSIDY.—Section 605(b) of the Native
22 American Housing and Self-Determination Act of
23 1996 (25 U.S.C. 4195(b)) is amended by striking
24 “1997, 1998, 1999, 2000, and 2001” and inserting
25 “2003, 2004, 2005, 2006, and 2007.”.

1 (c) TRAINING AND TECHNICAL ASSISTANCE.—See-
2 tion 703 of the Native American Housing and Self-Deter-
3 mination Act of 1996 (25 U.S.C. 4212) is amended by
4 striking “1997, 1998, 1999, 2000, and 2001” and insert-
5 ing “2003, 2004, 2005, 2006, and 2007.”.

6 **TITLE VIII—HOUSING IMPACT**
7 **ANALYSIS**

8 **SEC. 801. APPLICABILITY.**

9 Except as provided in section 802, the requirements
10 of this title shall apply with respect to—

11 (1) any proposed rule, unless the agency pro-
12 mulgating the rule—

13 (A) has certified that the proposed rule
14 will not, if given force or effect as a final rule,
15 have a significant deleterious impact on housing
16 affordability; and

17 (B) has caused such certification to be
18 published in the Federal Register at the time of
19 publication of general notice of proposed rule-
20 making for the rule, together with a statement
21 providing the factual basis for the certification;
22 and

23 (2) any final rule, unless the agency promul-
24 gating the rule—

1 (A) has certified that the rule will not, if
2 given force or effect, have a significant delete-
3 rious impact on housing affordability; and

4 (B) has caused such certification to be
5 published in the Federal Register at the time of
6 publication of the final rule, together with a
7 statement providing the factual basis for the
8 certification.

9 Any agency making a certification under this section shall
10 provide a copy of such certification and the statement pro-
11 viding the factual basis for the certification to the Sec-
12 retary of Housing and Urban Development.

13 **SEC. 802. EXCEPTION FOR CERTAIN BANKING RULES.**

14 The requirements of this title shall not apply to any
15 proposed or final rule relating to—

16 (1) the operations, safety, or soundness of—

17 (A) federally insured depository institu-
18 tions or any affiliate of such an institution (as
19 such term is defined in section 2(k) of the Bank
20 Holding Company Act of 1956 (12 U.S.C.
21 1841(k));

22 (B) credit unions;

23 (C) the Federal home loan banks;

24 (D) the enterprises (as such term is de-
25 fined in section 1303 of the Housing and Com-

1 community Development Act of 1992 (12 U.S.C.
2 4502);

3 (E) a Farm Credit System institution; or

4 (F) foreign banks or their branches, agen-
5 cies, commercial lending companies, or rep-
6 resentative offices that operate in the United
7 States, or any affiliate of a foreign bank (as
8 such terms are defined in section 1 of the Inter-
9 national Banking Act of 1978 (12 U.S.C.
10 3101); or

11 (2) the payments system or the protection of
12 deposit insurance funds or the Farm Credit Insur-
13 ance Fund.

14 **SEC. 803. STATEMENT OF PROPOSED RULEMAKING.**

15 Whenever an agency publishes general notice of pro-
16 posed rulemaking for any proposed rule, unless the agency
17 has made a certification under section 801, the agency
18 shall—

19 (1) in the notice of proposed rulemaking—

20 (A) state with particularity the text of the
21 proposed rule; and

22 (B) request any interested persons to sub-
23 mit to the agency any written analyses, data,
24 views, and arguments, and any specific alter-
25 natives to the proposed rule;

1 (2) provide an opportunity for interested per-
2 sons to take the actions specified under paragraph
3 (1)(B) before promulgation of the final rule; and

4 (3) prepare and make available for public com-
5 ment an initial housing impact analysis in accord-
6 ance with the requirements of section 804.

7 **SEC. 804. INITIAL HOUSING IMPACT ANALYSIS.**

8 (a) REQUIREMENTS.—Each initial housing impact
9 analysis shall describe the impact of the proposed rule on
10 housing affordability. The initial housing impact analysis
11 or a summary shall be published in the Federal Register
12 at the same time as, and together with, the publication
13 of general notice of proposed rulemaking for the rule. The
14 agency shall transmit a copy of the initial housing impact
15 analysis to the Secretary of Housing and Urban Develop-
16 ment.

17 (b) CONTENTS.—Each initial housing impact analysis
18 required under this section shall contain—

19 (1) a description of the reasons why action by
20 the agency is being considered;

21 (2) a succinct statement of the objectives of,
22 and legal basis for, the proposed rule;

23 (3) a description of and, where feasible, an esti-
24 mate of the extent to which the proposed rule would

1 increase the cost or reduce the supply of housing or
2 land for residential development; and

3 (4) an identification, to the extent practicable,
4 of all relevant Federal rules which may duplicate,
5 overlap, or conflict with the proposed rule.

6 **SEC. 805. FINAL HOUSING IMPACT ANALYSIS.**

7 (a) REQUIREMENT.—Whenever an agency promul-
8 gates a final rule after publication of a general notice of
9 proposed rulemaking, unless the agency has made the cer-
10 tification under section 801, the agency shall prepare a
11 final housing impact analysis.

12 (b) CONTENTS.—Each final housing impact analysis
13 shall contain—

14 (1) a succinct statement of the need for, and
15 objectives of, the rule;

16 (2) a summary of the significant issues, anal-
17 yses, and alternatives to the proposed rule raised
18 during the public comment period in response to the
19 proposed rule and initial housing impact analysis, a
20 summary of the assessment of the agency of such
21 issues, analyses, and alternatives, and a statement of
22 any changes made in the proposed rule as a result
23 of such comments; and

24 (3) a description of and an estimate of the ex-
25 tent to which the rule will impact housing afford-

1 ability or an explanation of why no such estimate is
2 available.

3 (c) AVAILABILITY.—The agency shall make copies of
4 the final housing impact analysis available to members of
5 the public and shall publish in the Federal Register such
6 analysis or a summary thereof.

7 **SEC. 806. AVOIDANCE OF DUPLICATIVE OR UNNECESSARY**
8 **ANALYSES.**

9 (a) DUPLICATION.—Any Federal agency may per-
10 form the analyses required by sections 804 and 805 in
11 conjunction with or as a part of any other agenda or anal-
12 ysis required by any other law, executive order, directive,
13 or rule if such other analysis satisfies the provisions of
14 such sections.

15 (b) JOINDER.—In order to avoid duplicative action,
16 an agency may consider a series of closely related rules
17 as one rule for the purposes of sections 804 and 805.

18 **SEC. 807. PREPARATION OF ANALYSES.**

19 In complying with the provisions of sections 804 and
20 805, an agency may provide either a quantifiable or nu-
21 merical description of the effects of a proposed rule or al-
22 ternatives to the proposed rule, or more general descriptive
23 statements if quantification is not practicable or reliable.

1 **SEC. 808. EFFECT ON OTHER LAW.**

2 The requirements of sections 804 and 805 do not
3 alter in any manner standards otherwise applicable by law
4 to agency action.

5 **SEC. 809. PROCEDURE FOR WAIVER OR DELAY OF COMPLE-**
6 **TION.**

7 (a) INITIAL HOUSING IMPACT ANALYSIS.—An agen-
8 cy head may waive or delay the completion of some or all
9 of the requirements of section 804 by publishing in the
10 Federal Register, not later than the date of publication
11 of the final rule, a written finding, with reasons therefor,
12 that the final rule is being promulgated in response to an
13 emergency that makes compliance or timely compliance
14 with the provisions of section 801 impracticable.

15 (b) FINAL HOUSING IMPACT ANALYSIS.—An agency
16 head may not waive the requirements of section 805. An
17 agency head may delay the completion of the requirements
18 of section 805 for a period of not more than 180 days
19 after the date of publication in the Federal Register of
20 a final rule by publishing in the Federal Register, not later
21 than such date of publication, a written finding, with rea-
22 sons therefor, that the final rule is being promulgated in
23 response to an emergency that makes timely compliance
24 with the provisions of section 805 impracticable. If the
25 agency has not prepared a final housing impact analysis
26 pursuant to section 805 within 180 days from the date

1 of publication of the final rule, such rule shall lapse and
2 have no force or effect. Such rule shall not be repromul-
3 gated until a final housing impact analysis has been com-
4 pleted by the agency.

5 **SEC. 810. DEFINITIONS.**

6 For purposes of this title, the following definitions
7 shall apply:

8 (1) AGENCY.—The term “agency” means each
9 authority of the Government of the United States,
10 whether or not it is within or subject to review by
11 another agency, but does not include—

12 (A) the Congress;

13 (B) the courts of the United States;

14 (C) the governments of the territories or
15 possessions of the United States;

16 (D) the government of the District of Co-
17 lumbia;

18 (E) agencies composed of representatives
19 of the parties or of representatives of organiza-
20 tions of the parties to the disputes determined
21 by them;

22 (F) courts-martial and military commis-
23 sions;

24 (G) military authority exercised in the field
25 in time of war or in occupied territory; or

1 (H) functions conferred by—

2 (i) sections 1738, 1739, 1743, and
3 1744 of title 12, United States Code;

4 (ii) chapter 2 of title 41, United
5 States Code;

6 (iii) subchapter II of chapter 471 of
7 title 49, United States Code; or

8 (iv) sections 1884, 1891–1902, and
9 former section 1641(b)(2), of title 50, ap-
10 pendix, United States Code.

11 (2) FAMILIES.—The term “families” has the
12 meaning given such term in section 3 of the United
13 States Housing Act of 1937.

14 (3) HOUSING AFFORDABILITY.—The term
15 “housing affordability” means the quantity of hous-
16 ing that is affordable to families having incomes that
17 do not exceed 150 percent of the median income of
18 families in the area in which the housing is located,
19 with adjustments for smaller and larger families.
20 For purposes of this paragraph, area, median family
21 income for an area, and adjustments for family size
22 shall be determined in the same manner as such fac-
23 tors are determined for purposes of section 3(b)(2)
24 of the United States Housing Act of 1937.

1 (4) RULE.—The term “rule” means any rule
2 for which the agency publishes a general notice of
3 proposed rulemaking pursuant to section 553(b) of
4 title 5, United States Code, or any other law, includ-
5 ing any rule of general applicability governing grants
6 by an agency to State and local governments for
7 which the agency provides an opportunity for notice
8 and public comment; except that such term does not
9 include a rule of particular applicability relating to
10 rates, wages, corporate or financial structures or re-
11 organizations thereof, prices, facilities, appliances,
12 services, or allowances therefor or to valuations,
13 costs or accounting, or practices relating to such
14 rates, wages, structures, prices, appliances, services,
15 or allowances.

16 (5) SIGNIFICANT.—The term “significant”
17 means increasing consumers’ cost of housing by
18 more than \$100,000,000 per year.

19 **SEC. 811. DEVELOPMENT.**

20 Not later than 1 year after the date of the enactment
21 of this Act, the Secretary of Housing and Urban Develop-
22 ment shall develop model initial and final housing impact
23 analyses under this title and shall cause such model anal-
24 yses to be published in the Federal Register. The model
25 analyses shall define the primary elements of a housing

1 impact analysis to instruct other agencies on how to carry
2 out and develop the analyses required under sections 804
3 and 805

4 **SEC. 812. JUDICIAL REVIEW.**

5 (a) DETERMINATION BY AGENCY.—Except as other-
6 wise provided in subsection (b), any determination by an
7 agency concerning the applicability of any of the provi-
8 sions of this title to any action of the agency shall not
9 be subject to judicial review.

10 (b) OTHER ACTIONS BY AGENCY.—Any housing im-
11 pact analysis prepared under section 804 or 805 and the
12 compliance or noncompliance of the agency with the provi-
13 sions of this title shall not be subject to judicial review.
14 When an action for judicial review of a rule is instituted,
15 any housing impact analysis for such rule shall constitute
16 part of the whole record of agency action in connection
17 with the review.

18 (c) EXCEPTION.—Nothing in this section bars judi-
19 cial review of any other impact statement or similar anal-
20 ysis required by any other law if judicial review of such
21 statement or analysis is otherwise provided by law.

1 **TITLE IX—OTHER HOUSING**
2 **PROGRAMS**

3 **SEC. 901. GNMA GUARANTEE FEE.**

4 Section 972 of the Higher Education Amendments of
5 1998 (Public Law 105–244; 112 Stat. 1837) is hereby re-
6 pealed.

7 **SEC. 902. HOUSING COUNSELING PROGRAMS.**

8 (a) DESIGNATION OF OFFICE RESPONSIBLE FOR
9 HOUSING COUNSELING FUNCTIONS.—Section 4 of the
10 Department of Housing and Urban Development Act (42
11 U.S.C. 3533) is amended by adding at the end the fol-
12 lowing new subsection:

13 “(g)(1) The Secretary shall designate a single office
14 of the Department in existence on the date of the enact-
15 ment of the Housing Affordability for America Act of
16 2002 to establish, coordinate, and administrate all re-
17 quirements, standards, and performance measures under
18 programs and laws administered by the Department that
19 relate to housing counseling, homeownership counseling,
20 mortgage-related counseling, and rental housing coun-
21 seling, including the requirements, standards, and per-
22 formance measures relating to housing counseling pursu-
23 ant to the provisions of law specified in paragraph (2).
24 To the extent that the Secretary is authorized by law to
25 provide housing counseling services, the Secretary, in such

1 circumstances or under such programs as the Secretary
2 considers appropriate, may authorize such office to pro-
3 vide such housing counseling services.

4 “(2) The provisions specified in this paragraph are
5 as follows:

6 “(A) Section 105(a)(20) of the Housing and
7 Community Development Act of 1974 (42 U.S.C. 42
8 5305(a)(20)).

9 “(B) In the United States Housing Act of
10 1937—

11 “(i) section 9(e) (42 U.S.C. 1437g(e));

12 “(ii) section 8(y)(1)(D) (42 U.S.C.
13 1437f(y)(1)(D));

14 “(iii) section 18(a)(4)(D) (42 U.S.C.
15 1437p(a)(4)(D));

16 “(iv) section 23(c)(4) (42 U.S.C.
17 1437u(c)(4));

18 “(v) section 32(e)(4) (42 U.S.C. 1437z–
19 4(e)(4));

20 “(vi) section 33(d)(2)(B) (42 U.S.C.
21 1437z–5(d)(2)(B));

22 “(vii) sections 302(b)(6) and 303(b)(7) (42
23 U.S.C. 1437aaa–1(b)(6), 1437aaa–2(b)(7));

24 and

1 “(viii) section 304(c)(4) (42 U.S.C.
2 1437aaa-3(c)(4)).

3 “(C) Section 302(a)(4) of the American Home-
4 ownership and Economic Opportunity Act of 2000
5 (42 U.S.C. 1437f note).

6 “(D) Sections 233(b)(2) and 258(b) of the
7 Cranston-Gonzalez National Affordable Housing Act
8 (42 U.S.C. 12773(b)(2), 12808(b)).

9 “(E) Sections 101(e) and 106 of the Housing
10 and Urban Development Act of 1968 (12 U.S.C.
11 1701w(e), 1701x).

12 “(F) Section 220(d)(2)(G) of the Low-Income
13 Housing Preservation and Resident Homeownership
14 Act of 1990 (12 U.S.C. 4110(d)(2)(G)).

15 “(G) Sections 422(b)(6), 423(b)(7), 424(c)(4),
16 442(b)(6), and 443(b)(6) of the Cranston-Gonzalez
17 National Affordable Housing Act (42 U.S.C.
18 12872(b)(6), 12873(b)(7), 12874(c)(4),
19 12892(b)(6), and 12893(b)(6)).

20 “(H) Section 491(b)(1)(F)(iii) of the McKin-
21 ney-Vento Homeless Assistance Act (42 U.S.C.
22 11408(b)(1)(F)(iii)).

23 “(I) Sections 202(3) and 810(b)(2)(A) of the
24 Native American Housing and Self-Determination
25 Act of 1996 (25 U.S.C. 4132(3), 4229(b)(2)(A)).

1 “(J) In the National Housing Act—

2 “(i) in section 203 (12 U.S.C. 1709), the
3 penultimate undesignated paragraph of para-
4 graph (2) of subsection (b), subsection
5 (c)(2)(A), and subsection (r)(4);

6 “(ii) subsections (a) and (c)(3) of section
7 237 (12 U.S.C. 1715z-2); and

8 “(iii) subsections (d)(2)(B) and (m)(1) of
9 section 255 (12 U.S.C. 1715z-20).

10 “(K) Section 502(h)(4)(B) of the Housing Act
11 of 1949 (42 U.S.C. 1472(h)(4)(B)).

12 “(L) Section 508 of the Housing and Urban
13 Development Act of 1970 (12 U.S.C. 1701z-7).”.

14 (b) REPORT.—Not later than September 30, 2003,
15 the Secretary of Housing and Urban Development shall
16 submit a report to the Congress that—

17 (1) identifies the programs administered by the
18 Department of Housing and Urban Development
19 under which housing counseling is required, assisted,
20 or made available;

21 (2) describes the counseling offered or provided
22 under each such program, including the provider of
23 such counseling; and

1 (3) specifies any amounts made available under
2 law for technical assistance or similar functions
3 which are used to provide housing counseling.

4 **SEC. 903. ASSISTANCE FOR SELF-HELP HOUSING PRO-**
5 **VIDERS.**

6 (a) LIMITATION ON ELIGIBLE EXPENSES.—Section
7 11(d) of the Housing Opportunity Program Extension Act
8 of 1996 (42 U.S.C. 12805 note) is amended by adding
9 at the end the following new paragraph:

10 “(3) LIMITATION ON ELIGIBLE EXPENSES.—
11 The amount from grants under this section that is
12 used for eligible expenses (as such term is defined
13 under paragraph (2)) in connection with developing
14 dwelling units described in paragraph (1) may not
15 exceed an average of \$15,000 per dwelling unit de-
16 veloped by the grantee organization or consortium,
17 except that the Secretary may increase such \$15,000
18 amount for any particular geographic region that
19 the Secretary determines has elevated costs of land
20 acquisition or infrastructure improvement.”.

21 (b) EXTENSION OF PERIOD FOR USE OF GRANTS.—
22 Section 11 of the Housing Opportunity Program Exten-
23 sion Act of 1996 (42 U.S.C. 12805 note) is amended—
24 (1) in subsection (i)(5), by inserting before the
25 semicolon the following: “, and except that the Sec-

1 retary may extend such period for any organization
2 or consortia to not more than 48 months in any case
3 in which the Secretary determines, in the sole discre-
4 tion of the Secretary, that extraordinary cir-
5 cumstances (including a national emergency) war-
6 rant such extension”; and

7 (2) in subsection (j), by adding at the end the
8 following: “The Secretary may extend the period
9 otherwise applicable under this subsection for any
10 organization or consortia to not more than 48
11 months in any case in which the Secretary deter-
12 mines, in the sole discretion of the Secretary, that
13 extraordinary circumstances (including a national
14 emergency) warrant such extension.”.

15 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
16 11(p) of the Housing Opportunity Program Extension Act
17 of 1996 (42 U.S.C. 12805 note) is amended by striking
18 “fiscal year 2001” and inserting “each of fiscal years
19 2003, 2004, 2005, 2006, and 2007”.

20 **SEC. 904. HOUSING OPPORTUNITIES FOR PERSONS WITH**
21 **AIDS.**

22 Section 863 of the Cranston-Gonzalez National Af-
23 fordable Housing Act (42 U.S.C. 12912) is amended to
24 read as follows:

1 **“SEC. 863. AUTHORIZATION OF APPROPRIATIONS.**

2 “There are authorized to be appropriated for grants
3 under sections 860 and 861 such sums as may be nec-
4 essary for each of fiscal years 2003, 2004, 2005, 2006,
5 and 2007.”.

6 **SEC. 905. CDBG FUNDING ELIGIBILITY FOR SECULAR AC-**
7 **TIVITIES CARRIED OUT BY RELIGIOUS ORGA-**
8 **NIZATIONS.**

9 Section 105 of the Housing and Community Develop-
10 ment Act of 1974 (42 U.S.C. 5305) is amended by adding
11 at the end the following new subsection:

12 “(i) ELIGIBLE SUBRECIPIENTS.—Grant amounts
13 under this title may be provided to religious organizations,
14 or organizations having religious purposes, for carrying
15 out secular activities that are eligible under this section
16 to be assisted under this title.”.

17 **SEC. 906. USE OF CDBG AMOUNTS FOR CONSTRUCTION OF**
18 **TORNADO-SAFE SHELTER FOR MANUFAC-**
19 **TURED HOUSING PARKS.**

20 (a) IN GENERAL.—Section 105(a) of the Housing
21 and Community Development Act of 1974 (42 U.S.C.
22 5305(a)) is amended—

23 (1) in paragraph (22), by striking “and” at the
24 end;

25 (2) in paragraph (23), by striking the period at
26 the end and inserting a semicolon; and

1 (3) by inserting after paragraph (23) the fol-
2 lowing new paragraph:

3 “(24) the construction or improvement of
4 tornado- or storm-safe shelters for manufactured
5 housing parks and residents of other manufactured
6 housing, the acquisition of real property for sites for
7 such shelters, and the provision of assistance (in-
8 cluding loans and grants) to nonprofit or for-profit
9 entities (including owners of such parks) for such
10 construction, improvement, or acquisition, except
11 that a shelter assisted with amounts made available
12 pursuant to this paragraph shall be located in a
13 neighborhood consisting predominantly of persons of
14 low and moderate income, except that a shelter as-
15 sisted with amounts made available pursuant to this
16 paragraph may not be made available exclusively for
17 use of the residents of a particular manufactured
18 housing park or of other manufactured housing, but
19 shall generally serve the residents of the area in
20 which it is located; and”.

21 (b) AUTHORIZATION OF APPROPRIATIONS.—In addi-
22 tion to any amounts otherwise made available for grants
23 under title I of the Housing and Community Development
24 Act of 1974 (42 U.S.C. 5301 et seq.), there are authorized
25 to be appropriated such sums as may be necessary for fis-

1 cal year 2002 for assistance only for activities pursuant
 2 to section 105(a)(24) of such Act.

3 **SEC. 907. USE OF CDBG AMOUNTS TO ADMINISTER RE-**
 4 **NEWAL COMMUNITIES.**

5 Section 105(a)(13) of the Housing and Community
 6 Development Act of 1974 (42 U.S.C. 5305(a)(13)) is
 7 amended by inserting “and renewal communities” after
 8 “enterprise zones”.

9 **SEC. 908. SUBSIDY LAYERING REVIEW.**

10 Section 911 of the Housing and Community Develop-
 11 ment Act of 1992 (42 U.S.C. 3545 note) is amended

12 (1) in subsection (a)—

13 (A) by striking “may” and inserting
 14 “shall”; and

15 (B) by striking “, submitted in accordance
 16 with” and all that follows through the end of
 17 the subsection and inserting the following:
 18 “that it has made the determination required
 19 by subsection (m)(2)(A) of such section 42
 20 upon the first occasion that such determination
 21 was required and that it will make such deter-
 22 mination upon such additional occasions as are
 23 required by law or regulation.”;

24 (2) by striking subsections (b) and (c); and

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1 (3) by redesignating subsection (d) as sub-
2 section (b).

○

Chairman SENSENBRENNER. The Chair recognizes the gentleman from Georgia, Mr. Barr, to strike the last word.

Mr. BARR. Thank you, Mr. Chairman.

Mr. Chairman, the Subcommittee on Commercial and Administrative Law reports favorably on H.R. 3995. On March 19 of this year, Congresswoman Marge Roukema introduced H.R. 3995, the "Housing Affordability for America Act of 2002," and since its introduction, 73 Members have co-sponsored the bill.

This bill concerns a topic that affects everyone: affordable housing for Americans.

Homeownership is an investment in our neighborhoods and our society. It stabilizes and strengthens communities. Yet, while levels of homeownership are at an all-time high, the dream of affordable housing still remains out of reach for many Americans. This bill recognizes this problem and seeks to make the dream a reality for more Americans.

The Financial Services Committee exercised its jurisdiction over all but one portion of this bill. Its Subcommittee on Housing and Community Opportunity held hearings and markup on H.R. 3995, and on July 10, the Committee approved the bill.

The Judiciary Committee retains jurisdiction over title VIII of H.R. 3995. And on July 16th, the Subcommittee on Commercial and Administrative Law reported the bill to the full Committee by voice vote without amendment.

That title is virtually identical to H.R. 2753, which was introduced on August 2 of last year by my distinguished colleague from Wisconsin, Mr. Green.

Title VIII simply requires Federal agencies to prepare and publish a housing impact analysis when noticing proposed rules for public comment when those rules have an impact on housing affordability in excess of \$100 million. Under title VIII, agencies publishing notice of proposed rulemaking for a proposed rule will be required to prepare an initial housing impact analysis.

This analysis would include: one, reasons why the agency action is being considered; two, the objectives of and legal basis for the proposed rule; and, three, a description and an estimate of the extent to which the proposed rule would increase the cost or reduce the supply of housing or land for residential development.

To accompany the promulgation of a final rule, title VIII would require a final housing impact analysis statement to summarize and assess the issues and alternatives raised during the public comment period. The final impact analysis would include a statement of any changes made in the proposed rule as a result of such comments and describe and estimate the extent to which the rule will impact housing affordability.

Title VIII will not unduly burden agencies. Agencies which propose rules that will not have an economic impact on housing in excess of \$100 million need not prepare impact analysis statements. In such cases, the head of the agency must simply provide a certification to that effect and a supporting factual statement for publication in the Federal Register.

Title VIII also provides procedures for the delay of completion of an impact analysis and, in the case of proposed rules, for the waiver of the impact analyses when rules are being promulgated in response to an emergency.

Our recognition of the need for housing impact analyses when promulgating agency rules is not new. In the 106th Congress, the House approved H.R. 1776, the "American Homeownership and Economic Opportunity Act of 2000," a bill containing a more exacting version of the impact analysis requirements contained in title VIII. That bill was approved by a vote of 417 to 8 but did not come up for vote in the Senate.

Title VIII of H.R. 3995 will hopefully lead to rules which make affordable housing less burdensome to acquire and more accessible to more Americans. It should be supported, and I urge its adoption.

I yield back.

Chairman SENSENBRENNER. The gentleman from North Carolina, Mr. Watt, the Ranking Member.

Mr. WATT. Thank you, Mr. Chairman.

The part of this bill over which our Subcommittee and over which this full Committee has jurisdiction is very limited and non-controversial. It will probably add some more paperwork at the Federal level, but with a valuable purpose.

And I encourage my colleagues to support the bill and yield back.
[The prepared statement of Ms. Jackson Lee follows:]

SHEILA JACKSON LEE
18TH DISTRICT, TEXAS

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JUDICIARY
SUBCOMMITTEES
CRIME

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IMMIGRATION AND CLAIMS

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OPENING STATEMENT
OF
CONGRESSWOMAN SHEILA JACKSON LEE
ON
H.R. 3995, HOUSING AFFORDABILITY FOR AMERICA
ACT OF 2002, MARKUP



Mr. Chairman, I rise in support of H.R. 3995, the Housing Affordability for America Act of 2002. This bill will require federal agencies to conduct a housing impact analysis on major proposed rules to determine whether the rule will have a "significant deleterious impact" on housing affordability.

With airport expansion being raised this bill will ensure that housing prices are not adversely impacted. In my district of Houston housing costs are 39 percent below the

average of 26 U.S. urban populations of more than 1.5 million. Homeownership in Houston is on the rise. In the year 2000 alone, 5,000 new homeowners realized their dreams. Citywide projects completed in 2000 and projects currently under construction in tax increment reinvestment zones (special districts created to attract private investment in underdeveloped areas) include 1,149 single-family units, 12,676 multi-family units and 2,453,336 square feet of commercial and industrial space. H.R. 3995 can go a long way in maintaining this positive trend.

The bill defines significant as increasing consumers costs of housing by more than \$100 million per year. An agency that proposes a rule that meets the \$100 million dollar threshold would be required to publish an initial housing impact analysis, along with a description of the reasons for the agency's action. The agency would also have to allow public comment to the proposed rule.

Our review of the bill is confined to Title VIII. Despite this narrow analysis I believe this bill will raise the reputation of good government by making government accountable to the people. I would urge my colleagues on both sides of the aisle to support this legislation. And with that I yield back the balance of my time.

Chairman SENSENBRENNER. Are there amendments to title VIII of the bill?

If there are not, the Chair notes the presence of a reporting quorum. The question occurs on the motion to report the bill H.R. 3995 favorably.

Those in favor will say aye.

Opposed, no.

The ayes appear to have it. The ayes have it, and the motion to report favorably is agreed to.

Without objection, the Chairman is authorized to move to go to conference pursuant to House rules. Without objection, the staff is directed to make any technical and conforming changes. And all Members will be given 2 days, as provided by the rules, in which to submit additional, dissenting, supplemental, or minority views.

